

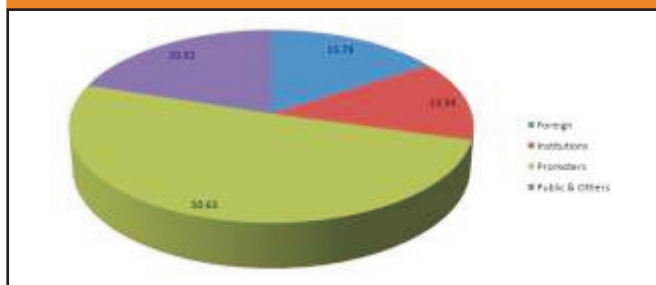
STOCK PICKS OF THE WEEK



VALUE PARAMETERS

Face Value (Rs.)	1.00
52 Week High/Low	3443.90/2302.00
M.Cap (Rs.in Cr.)	74693.06
EPS (Rs.)	54.73
P/E Ratio (times)	56.75
P/B Ratio (times)	21.32
Dividend Yield (%)	0.48
Stock Exchange	BSE

SHAREHOLDING PATTERN



P/E CHART



FINANCIAL PERFORMANCE

(Rs.in Cr.)

	ACTUAL	FORECAST	
	FY Mar-19	FY Mar-20	FY Mar-21
Revenue	10973.46	11816.11	13180.96
Ebitda	1733.42	1858.50	2143.34
Ebit	1571.54	1702.29	1932.15
Net Income	1159.12	1394.23	1626.49
EPS	48.21	58.08	67.99
BVPS	176.99	199.71	238.32
RoE	30.27%	30.50%	30.26%

Source: Company's Website, Reuters & Capitaline

Investment Rationale:

- Britannia Industries (BIL) is one of India's leading food companies. Britannia's product portfolio includes biscuits, bread, cakes, rusk, and dairy products including cheese, beverages, milk and yogurt. BIL has a presence in more than 60 countries across the globe.
- The company has strengthened its brand equity through focused campaigns and invested in building capabilities & structures for both its base business & strategic business units to drive future growth. With a focus on tightening belts in this phase of low growths, the management of the company has accelerated the cost efficiency initiatives to maintain the shape of business.
- The company is ramping up its network and has 21.3 lakh outlets and 20,000 rural distributors. It would continue to expand its distribution reach with newer offerings like milkshakes, salty snacks, croissants and cream wafers etc. by improving visibility and launching the same across various states country. It currently owns 10 manufacturing and has continuously upgraded capacities at its plants over the years incurring a cumulative capex of Rs. 1,440 crore over the four fiscal sending FY2019.
- The management of the company intends to in-house the entire dairy manufacturing (with focus on value-added dairy lines like cheese, milkshakes etc.) at its Ranjangaon plant over the next two years at a total cost of Rs. 500 crore and capex is expected to be partially funded by debt. Meanwhile Ranjangaon Food Park has become fully operational with 12 lines with the total capacity of 140,000 TPA. Presently it has 8 biscuits lines, 2 cake lines, 1 Croissant line and 1 salty snack line. In addition to that the greenfield dairy capex is also expected to incur capex of Rs. 400-500 crore per annum to maintain, upgrade and enhance capacities at its existing plants.
- During Q2 FY20, domestic volume grew by 3% on the back of distribution expansion, gaining traction from new products and market share gain.

Risk

- Change to the economy
- Volatility in commodity prices

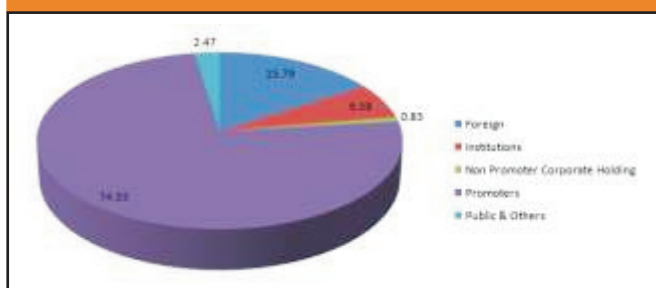
Valuation

The management of the company expects double-digit growth in its overall business and in line with that planning to more investment in brand to widen its distribution network through focus on direct reach. It has made continued focus on its premiumisation & innovation journey and revamp of its portfolios. Thus, it is expected that the stock will see a price target of Rs. 3535 in 8 to 10 months time frame on a one-year average P/Ex of 52x and FY21 EPS of Rs. 67.99.

VALUE PARAMETERS

Face Value (Rs.)	5.00
52 Week High/Low	535.00/351.20
M.Cap (Rs.in Cr.)	7376.62
EPS (Rs.)	19.30
P/E Ratio (times)	26.06
P/B Ratio (times)	5.44
Dividend Yield (%)	0.35
Stock Exchange	BSE

SHAREHOLDING PATTERN



P/E CHART



FINANCIAL PERFORMANCE

(Rs.in Cr.)

	ACTUAL	FORECAST	
	FY Mar-19	FY Mar-20	FY Mar-21
REVENUE	7093.27	8512.19	9682.00
EBITDA	365.16	512.27	582.60
EBIT	299.21	422.37	488.40
NET INCOME	214.68	280.21	326.12
EPS	14.51	18.88	21.88
BVPS	85.24	101.29	119.45
RoE	18.85%	20.08%	19.58%

Source: Company's Website, Reuters & Capitaline

Investment Rationale:

- Securities & Intelligence Services India Limited (SIS) is a market leader in all the 3 business segments of Security, Facility management & Cash Logistics services. It is the 2nd largest & fastest growing Security services company in India and the largest security services company in Australia. It is also the 2nd largest Facility Management Services Company in India. SIS is the 2nd largest Cash Logistics Service provider in India.
- The company has consistently strengthened its market position in key service segments and geographies through the organic and inorganic routes and has emerged as the leading security service provider in India and Australia.
- On the development front, acquisition of Henderson Security Services Pte. Ltd., Singapore and Henderson Technologies Pte. Ltd., Singapore (collectively referred to as Henderson) and Platinum 4 Group Limited (P4G) in FY2019 has provided it entry into these security services markets in Singapore and New Zealand, respectively.
- Apart from the acquisitions of Henderson and P4G, SISL had acquired three other entities in FY2019 - SLV Security Services Private Limited (SLV), Rare Hospitality and Services Private Limited (Rare) and Uniq Detective and Security Services Private Limited (Uniq).
- Over the past five years, its consolidated revenues have grown at a robust CAGR of 22% and during Q2 FY20, it has reported healthy scale up in operations and also expanded its profit margins in Q2 FY2020, aided by margin-accretive acquisitions done over FY2019, as well as organic growth across entities. Consolidated revenues increased from Rs 1690.20 cr in Q2 of FY19 to Rs 2,089 cr in Q2 of FY20, reported at 23% growth. Additionally, its operating profit margin expanded by 36% on a YoY basis during the quarter, driven by operating leverage benefits and the margin-accretive acquisitions.

Risk

- Working capital intensive nature of operations
- Competitive nature of industry

Valuation

The company has strong track record on quarterly as well as yearly basis. According to the management, impressive client wins, strong focus on operations and rigorous monitoring of costs have helped all the business units deliver good revenue and profitability metrics. The management believes that the recent acquisitions would help in strengthening its position in key micro-markets in India (i.e. Gurugram and Bengaluru) and in segments (i.e. facility management in the healthcare segment) and expand its footprint to Singapore (via Henderson) and New Zealand (via P4G). Thus, it is expected that the stock will see a price target of Rs. 570 in 8 to 10 month time frame on a one year average P/Ex of 26.06x and FY21 EPS of Rs. 21.88.



Moneywise. Be wise.

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