

## Tega Industries Ltd.

**BUY**

<b>CMP</b>	Rs. 487
<b>Target Price</b>	Rs. 601
<b>Time Frame</b>	5-8 months
<b>Risk</b>	Low
<b>Sector</b>	Industrial Equipments



### Price & Volume Analysis

% Change from previous Day	<b>-1.51%</b>
% Change from previous Month	<b>6.93%</b>
52 Week High	<b>767</b>
52 Week Low	<b>398</b>
Weekly H/L	<b>506/472</b>
Deliverable	<b>66.86%</b>
Book Value / Share	<b>138.38</b>
EPS	<b>14.47</b>
Market Cap (Rs. CR)	<b>3,230</b>

Tega Industries, provides specialised products and serviced for mining, mineral beneficiation, bulk material handling, and slurry transportation industries. The company commenced operations in 1978, with a foreign collaborator with Skega AB. Tega's revenue increased by 16.6% YoY in 4QFY22, to INR 290 Cr as compared to INR 249 Cr in corresponding quarter last year. Net income for the quarter stood at INR 49 Cr, growing 18.7% YoY from INR 41 Cr in 4QFY21.

### Momentum Analysis

RSI (14, E9) Monthly	<b>46</b>
Smoothed RSI	<b>40</b>
Stochastic oscillator monthly (1,3,3)	<b>43.11</b>

The technical landscape of momentum oscillators is enticing as the 14-period RSI witnessed a positive reverse double bottom pattern when the prices were making lower lows suggesting a strength in upmove. RSI also gave a positive crossover after reversing from the Double bottom levels.

### Support & Resistance Analysis

Support 1	<b>441</b>
Support 2	<b>395</b>
Resistance 1	<b>551</b>
Resistance 2	<b>621</b>

The stock price is witnessing some serious consolidation for past 6-months. The ongoing upsurge on the daily time frame is crystal clear that the stock is aiming to rebound sharply higher. A classic rebound play from oversold conditions on weekly and monthly charts with the recent sequence of higher high/low intact on all time frames.

### Trend Analysis

Moving Average - 50 Days	<b>465</b>
Moving Average - 200 Days	<b>N/A</b>
ADX (14d)	<b>28.4</b>
Bollinger Band Weekly	<b>497/421</b>
MACD Weekly	<b>-11.76</b>

Considering the daily time frame, the stock took support at 50 days EMA line and bounced back to trade in green. The bounce is now resulting into a massive rebound on the upside on the monthly/weekly charts. ADX indicator too suggesting robust positive bias.

**CONCLUSION**

Tega Industries is well positioned to capitalize industry trend. Management continued focus on innovation is expected to benefit the company with higher number of repeat orders and local manufacturing presence. Additionally due to the company's post sales services, it is immune to CapEx cycle as these services provide a stable source of revenue to the company.

As per industry reports, the minerals processing industry is expected to grow at a CAGR of 6.3% through 2020-30 on the back of (i) growth in infrastructure, and (ii) shift in automotive industry from fossil fuel to electronic vehicles, RE electronics, and volatility hedge.

We believe that the company is well positioned to exploit the upcoming trends in the industry. The company is currently trading at P/E of 25.9x a discount of 22.4% compared to industry average of 31.7x. We see the stock to trade close to industry average over next one year due to rising industry demand and strong management execution. We recommend BUY with a target price of INR 601 with 1-yr forward (FY23E) EPS of INR 20.7.

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Accumulate: 5% to 20% within the next 12 Months Sell : < -20% within the next 12 Months**

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