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Tega Industries Ltd



About Company

Tega Industries Ltd (Tega) is a leading manufacturer and distributor of specialized 'critical to operate' and recurring consumable products for the global mineral beneficiation, mining and bulk solids handling industry. It is also the second largest global producers of polymer-based mill liners. It offers comprehensive solutions to marquee global clients in the mineral beneficiation, mining and bulk solids handling industry, through its wide product portfolio of specialized abrasion and wear-resistant rubber, polyurethane, steel and ceramic based lining components. Tega products are used by its customers across different stages of mining and mineral processing, screening, grinding and material handling, including after-market spends on wear, spare parts, grinding media and power, which are regular operating expenses for the customers. It has wide product portfolio comprising of 55 mineral processing and material handling products. Tega has 6 manufacturing sites, including 3 in India, at Dahej in Gujarat and at Samali and Kalyani in West Bengal, and 3 sites in major mining hubs of Chile, South Africa and Australia catering to all global needs. Additionally, Tega has joint venture in India with U.K. branch of Hosch Group, Germany which is engaged in precision conveyer belt cleaning and caters to various industries in India. From overall business more than 84% of the business revenue comes from global Operations and rest is part of India.

Recommendation: Subscribe

Price Band	: Rs. 443 to 453 per share
Face Value	: Rs. 10
Bid Lot size	: 33 Shares
Issue size	: Rs. 619 Cr
Issue Opens	: December 01 st 2021, Wednesday
Issue Closes	: December 03 rd 2021, Friday
Min App Amount	: Rs. 14,494/- at upper band

Important Note: All retail applications compulsory in UPI mode*. Currently IPO through UPI Mechanism in Retail Category is available only on BHIM App. Application made using third party UPI Id Or ASBA Bank A/c are liable to be rejected.

Msearch View & Recommendation:

We believe Tega Industries IPO gives investors an opportunity to invest in a leading manufacturer and distributor of specialized products which are critical in nature for the global mineral, mining and bulk solids handling industry. We like the recurring revenues business model as the products cater to the after-market spend of a mining processing unit resulting in repeat orders of spares which is typically 3 times of the upfront capex spend over the lifecycle of a mill. Long standing relationships with marquee global customer base followed by strong global manufacturing hub and sales capabilities acts as catalyst to this IPO offer. On valuations parse at upper price band (Rs 453/-), the issue is asking for a market cap of Rs 3003 Cr with PE (FY21) 22x & P/BV of 4.8x which seems the issue is reasonably priced well in line with listed peer and believe there is something is left on the table for new investors but if we annualise Q1FY22 numbers the issue appears fully priced as Q1 performance does not match in any term to FY21 performance which is a matter of concern. We also feel concern on the 100% OFS issue size of Rs 619 Cr and no fresh issue as growth capital. Hence, considering all the rationales and growth prospects we advise investors to "SUBSCRIBE" with a view to get listing gains.



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BASIC FINANCIAL DETAILS			
Particulars Rs (in Cr)	2019	2020	2021
Equity Share Capital	57.60	57.60	57.60
Reserves as stated	334.81	396.20	547.43
Net worth as stated	401.11	462.49	613.72
Revenue from Operations	633.76	684.85	805.52
Revenue Growth (%)	-	8.06%	17.62%
EBITDA as stated	106	117.23	238.64
Profit Before Tax	46.46	59.24	183.36
Net Profit for the period	32.67	65.50	136.41
EPS (Rs)	5.76	9.84	24.10
RONW%	8.14%	14.16%	22.23%
NAV (₹)	68.13	78.78	105.04

Source: Company RHP

COMPARISON WITH LISTED INDUSTRY PEERS Rs (in Cr)								
Companies	MCap	FV	Revenue	EPS	NAV	P/E	P/Bv	RoNW
Tega Industries Ltd	3003	10	856.68	24.10	105.04	22.02x	4.89x	22.23%
AIA Engineering Ltd	17537	2	3053.69	60.02	449.99	31.71x	4.18x	13.33%

Data as on 31st March 2021, MCap as on 30th November 2021

Source: Company RHP/Cline



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