

**CMP: Rs 157**

**Outlook: Positive**

**Technical TP: Rs 196- 205- 224**

**Stock Info**

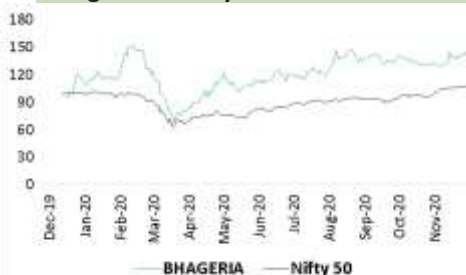
BSE	530803
NSE	BHAGERIA
Bloomberg	BGIN.IN
Reuters	BHAE.NS
Sector	Chemicals
Face Value (Rs)	5
Equity Capital (Rs lakh)	2,182
Mkt Cap (Rs lakh)	6,874
52w H/L (Rs)	175 / 66
Avg Yearly Vol (in 000')	64

**Shareholding Pattern %**

(As on September, 2020)

Promoters	70.48
FII	0.07
DII	14.04
Public & Others	15.41

**Bhageria Vs Nifty**



**Peer Group Comparison**

in lakh.	Bhageria	Shree Pushkar	Bodal
Revenue	36361	31302	112238
EBITDA	8459	4031	6475
EBITDAM (%)	23%	13%	6%
PAT	5351	2961	2980
PATM (%)	15%	9%	3%
EPS (Rs)	12.3	9.6	2.4
PE(x)	12.8	12.7	31.4
ROE(%)	13	9.4	3.2
D/E(x)	0	0.1	0.1

\*Financials on TTM basis

Bhageria Industries Limited, formerly Bhageria Dye-Chem Limited, is engaged in the manufacturing and sale of chemicals, dyes and dyes intermediates required for dye manufacturers and merchant export of related items. The Company is also engaged in generation of solar power. The Company operates through two segments: Chemicals and Solar Power. The Chemicals segment is engaged in the manufacturing and trading of chemicals, and dyes and dyes intermediates. The Solar Power segment is engaged in the generation and distribution of solar power. Its geographic segments include India, China, Indonesia, Taiwan, Thailand, Europe, Africa and Others.

The chemical industry in India, owing to increase in urbanization, better technology and growing population is now an export driven market instead of being an import driven market back in the days. The dyestuff industry is an important aspect of economic development in India. The revenue of Bhageria Industries is contributed by a major portion of chemicals which is approximately 90%. The 2 main products of the company in the chemical business are H Acid and Gama Acid.

Among end user industries, paints and coatings industry account for the largest share of the market and is estimated to be the fastest growing end user industry. Rising construction and infrastructure activities in Asia-Pacific act as the major driver for the dye and pigment market.

The solar energy sector of India is ranked 4<sup>th</sup> in the world. Solar generated electricity accounts for approximately 7.5% of the total revenue of the company. The solar industry of India used to rely on China for almost 80% of its solar supply requirement. The outbreak of COVID 19 possessed a threat on ongoing solar projects. However, government initiatives such as budgetary allocation of Rs 2516 crore and other measures have provided a much needed respite in difficult times.

**Q2FY21 Result Snapshot:**

Rs lakh	Q2FY21	Q1FY21	Q2FY20	Q-o-Q	Y-o-Y
Net Revenue	10583	5209	10844	103.2%	-2.4%
EBITDA	2516	1253	2329	100.7%	8.0%
EBITDAM (%)	23.8%	24.1%	21.5%	-1.2%	10.7%
PAT	1965	678	1881	183.1%	-5.8%
PATM (%)	15.3%	11.0%	15.8%	39.3%	-3.5%
EPS (Rs)	3.70	1.31	3.93	182.4%	-5.9%

**Valuation & View:** Bhageria Chemicals has an extensive experience of over 30 years in manufacturing and marketing chemicals, dyes and dye intermediaries. Chemicals are intrinsically linked to every aspect of life. Be it food, clothing, transportation or medical needs, chemicals play a crucial role in transformation. With continued improving margins and strengthening portfolio, we expect the company to show continued growth. At CMP of Rs 157, Bhageria is trading at a PE of 10.4x. We have a positive outlook on the company.

Rs lakhs	FY18	FY19	FY20
Revenue	37331	46241	41368
EBITDA	7979	12491	9758
EBITDAM (%)	21.4%	27.0%	23.6%
PAT	4034	7151	6581
PATM (%)	10.8%	15.5%	15.9%
EPS (Rs)	9.24	16.4	15.1
PE	17.0	9.6	10.4

Source: Arihant Research, Company Filings

Technical Chart & View



Technical View :

- The stock on the weekly chart has given accumulation pattern breakout with strong volumes. This suggests upside momentum.
- Further the momentum indicator viz. RSI is gaining momentum, this also suggests upside momentum.
- At present we are seeing a consolidation of previous weekly gains.
- Hence, one can initiate a long at current price and expect this stock to test 196 – 205 - 224 levels in couple of months.

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Stock Rating Scale	Absolute Return
BUY	>20%
ACCUMULATE	12% to 20%
HOLD	5% to 12%
NEUTRAL	-5% to 5%
REDUCE	-5% to -12%
SELL	<-12%

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