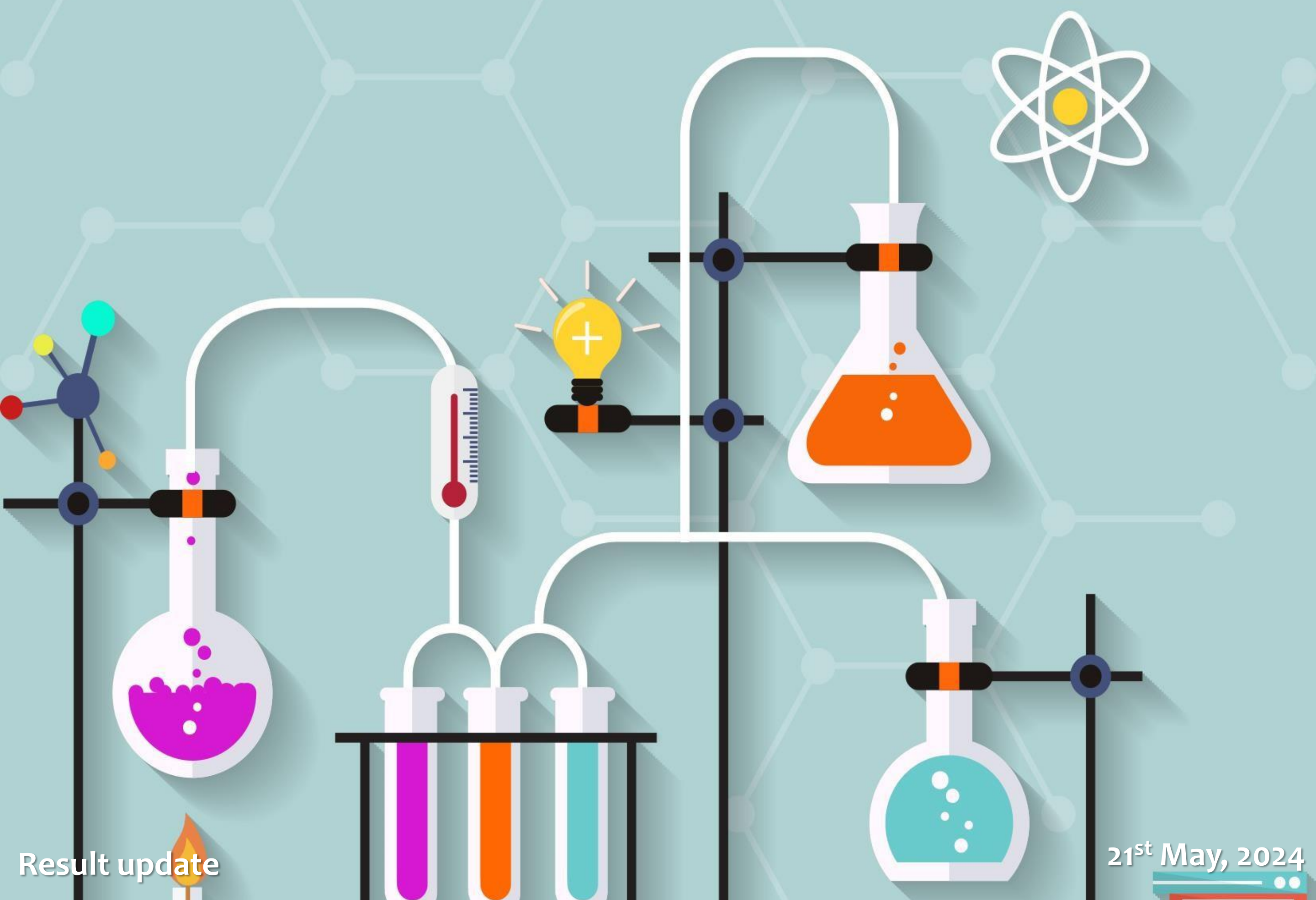
Q4FY24
Balaji Amines Ltd



Result update

21st May, 2024

Balaji Amines Ltd

Pick-up in domestic demand drives sequential performance

CMP	Target	Potential Upside	Market Cap (INR Mn)	Recommendation	Sector
INR 2,277*	**INR 2,643**	**16.1%**	**INR 71,735**	**BUY**	**Specialty Chemicals**

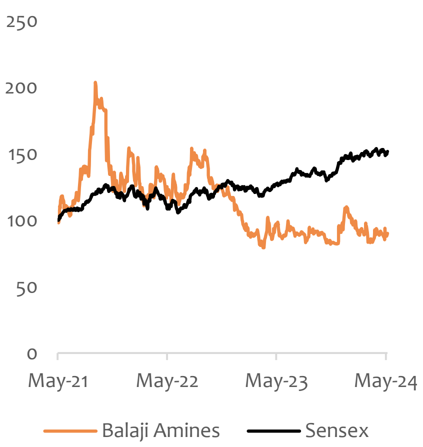
Result Highlights of Q4FY24:

- Balaji Amines revenue beat our estimate by 4.5% due to strong volume growth in Amines and Amine derivatives. The EBITDA beat our estimate primarily due to a beat in revenue and lower-than-expected operating expenses.
- We believe that the recently launched N-Butyl Amine project will contribute to growth. Additionally, the ongoing Methyl Amine and Di-methyl Ether projects are progressing well and are expected to be long-term growth drivers.
- Currently, the stock is trading at PE multiples of 23.2x/18.0x, based on FY25E/FY26E EPS, respectively. We expect the revenue to grow at 21.7% CAGR and PAT to grow at 39.5% CAGR over FY24-26E. We decrease the target price to INR 2,643/share (previously: INR 2,828) and retain our BUY rating on the stock, implying an FY26E P/E multiple of 21.5x.

MARKET DATA

Shares outs (Mn)	32.4
Equity Cap (INR Mn)	18,932
Mkt Cap (INR Mn)	71,735
52 Wk H/L (INR)	2,735/1,880
Volume Avg (3m K)	113
Face Value (INR)	2
Bloomberg Code	BLA IN

SHARE PRICE PERFORMANCE



MARKET INFO

SENSEX	74,006
NIFTY	22,502

KEY FINANCIALS

INR Millions	FY22	FY23	FY24	FY25E	FY26E
Revenue	23,229	23,554	16,415	20,437	24,320
EBITDA	6,227	6,091	3,237	4,496	5,837
EBITDA margin (%)	26.8%	25.9%	19.7%	22.0%	24.0%
Adj PAT	3,684	3,255	2,049	3,094	3,985
Adj PAT margin (%)	15.9%	13.8%	12.5%	15.1%	16.4%
Adj EPS	113.7	100.5	63.2	95.4	122.9
P/E (x)	19.4	22.0	35.0	23.2	18.0

Source: Company, KRChoksey Research

Sequential improvement in volume and price realization

- For Q4FY24, revenue declined by 12.2% YoY (+8.0% QoQ) to INR 4,139 Mn. For FY24, revenue declined by 30.3% to 16,415 Mn.
- The Q4FY24 saw a total volume growth of about 5.6% YoY (+4.0% QoQ) to 27,984 MT. This was primarily fuelled by robust volume growth in Amines of 33.8% YoY (+15.7% QoQ) to 8,910 MT.
- Amines derivatives volume saw a double-digit growth of 12.4% YoY (4.3% QoQ) to 9,676 MT. Conversely, specialty chemicals saw a decline in volume growth of about 16.4% YoY (-5.3% QoQ) to 9,398 MT.
- On average, price realization per unit for the quarter declined by 16.8% YoY (+3.8% QoQ) to INR 148. The sequential improvement was attributed to a resurgence in domestic demand along with favorable trends in the international market.
- The destocking scenario in India and China has slightly improved, accompanied by a modest increase in pricing. The Methyl Amine project (40,000 MT) is progressing well and is anticipated to be commissioned by the end of December 2024E.

Stable input cost supported profitability margins

- EBITDA for Q4FY24 grew by 4.9% YoY (+31.7% QoQ) to INR 977 Mn. The EBITDA margin expanded 385 bps YoY (+425 bps QoQ) to 23.6%. This improvement can be attributed to stabilized input costs for both raw materials and utilities.
- The PAT grew by 43.5% YoY (+37.8% QoQ) to INR 680 Mn. The PAT margin expanded 638 bps YoY (+356 bps QoQ) to 16.4%.
- The EBITDA margin for FY24 stood at 19.7%, which could have shown an improvement if the specialty chemical segment had performed well. The management has offered guidance for EBITDA margin ranging from 21.0% to 24.0% going forward.

SHARE HOLDING PATTERN (%)

Particulars	Mar-24 (%)	Dec-23 (%)	Sep-23 (%)
Promoters	53.7	53.7	53.7
FIIs	4.9	4.6	4.5
DIIs	1.5	1.4	0.9
Others	39.9	40.3	40.9
Total	**100.0**	**100.0**	**100.0**

21.7%

Revenue CAGR between FY24 and FY26E

39.5%

Adj. PAT CAGR between FY24 and FY26E

*Based on previous closing

ANALYST
Unnati Jadhav, research5@krchoksey.com, +91-22-6696 5420

Balaji Amines Ltd

Key Concall Highlights:

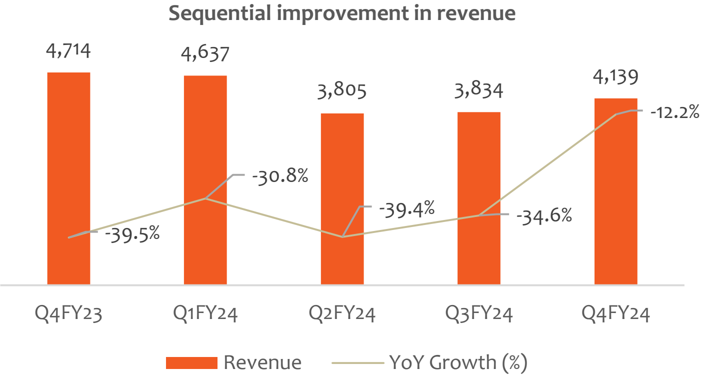
- The recent progress involves the successful launch of **N-Butyl Amines** manufacturing at Unit 4, increasing the yearly production capacity to **15,000 metric tons**.
- **Unit 1 and Unit 3** have been awarded BIS certification for **Morpholin**, elevating the standards of product quality.
- The commissioning of the **Electronic Grade DMC** (Dimethyl Carbonate) plant is scheduled for **FY25E**. Its unique production status and an annual installed capacity of **15,000 MT** make it a **promising prospect for India's EV battery sector**.
- The **Dimethyl Ether** (DME) Unit 4 project is set for **launch by March 2025E**. DME serves as an alternative to LPG and aerosols. Additionally, the Bureau of Indian Standards is considering the advantages of a 20.0% DME blend with LPG.
- The Company is strategizing to establish a **new 20-megawatt solar plant** in collaboration with MIDC in Solapur, Maharashtra.
- Phase 1 entails the installation of an 8-megawatt capacity, projected to become operational by December 2024E.
- The DMC and propylene glycol plant operated at a capacity utilization rate of 30.0% to 40.0%. This lower rate was attributed to the absence of significant projects from lithium battery companies.
- The Company has set up the following projects, 1) N-Methyl Morpholine of about 3,000 tons per annum. 2) N-butyl Thiophosphoric Triamide of about 2,500 tons per annum.
- Isopropylamine will be produced at the current Ethylamine plant in Unit 1 through modifications. However, this plant is not operational because the company needs to establish a new, high-output plant for manufacturing Ethylamines at Unit 4.
- Historically, **revenue experienced modest growth due to decreased price realization**, driven by reduced raw material costs. However, there was an increase in **volume of 8.3%** in FY24 compared to FY23.

Valuation and view:

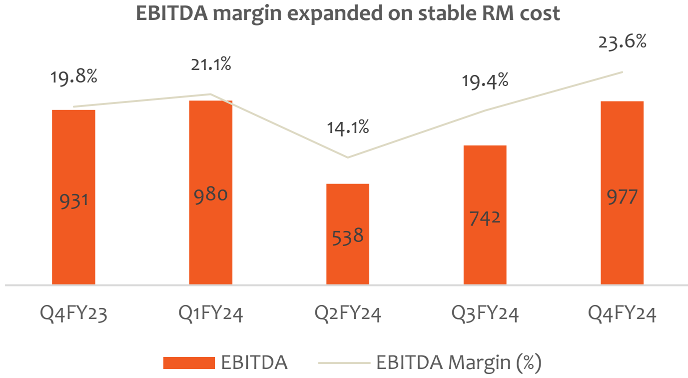
Balaji Amines reported sequential revenue improvement in Q4FY24, supported by moderate volume growth and a slight uptick in price realization. This was driven by a rebound in domestic demand and favorable international market trends. However, the YoY decline in price realization affected the YoY revenue growth in Q4FY24. We believe that the recently launched N-Butyl Amine project will contribute to growth. Additionally, the ongoing Methyl Amine and Di-methyl Ether projects are progressing well and are expected to be long-term growth drivers. **The stock has remained relatively flat since the last update, with only a 0.5% increase. Currently, the stock is trading at PE multiples of 23.2x/18.0x, based on FY25E/FY26E EPS, respectively. We expect the revenue to grow at 21.7% CAGR and PAT to grow at 39.5% CAGR over FY24-26E. We decrease the target price to INR 2,643/share (previously: INR 2,828) and retain our BUY rating on the stock, implying an FY26E P/E multiple of 21.5x.**

Quarterly trend in charts

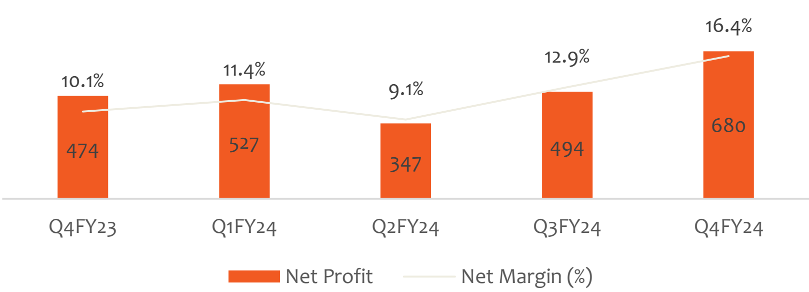
Sequential improvement in revenue



EBITDA margin expanded on stable RM cost



Net profit margin expanded on strong operational performance



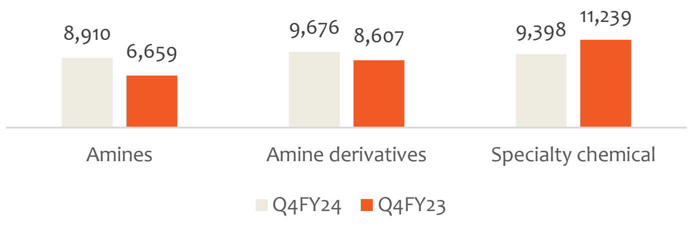
Source: Company, KRChoksey Research

ANALYST
Unnati Jadhav, research5@krchoksey.com, +91-22-6696 5420

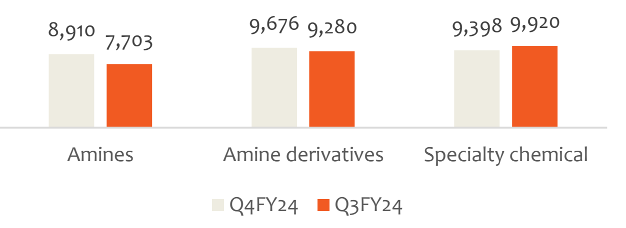
Balaji Amines Ltd

Segmental volumes in a chart

Segmental Volumes YoY (TPA)



Segmental Volumes QoQ (TPA)



KEY FINANCIALS

Exhibit 1: Profit & Loss Statement

INR Millions	FY22	FY23	FY24	FY25E	FY26E
Revenues	**23,229**	**23,554**	**16,415**	**20,437**	**24,320**
COGS	6,158	12,764	12,612	9,162	11,036
Gross profit	**17,071**	**10,790**	**3,803**	**11,274**	**13,284**
Employee cost	966	851	823	1,226	1,459
Other expenses	3,811	4,154	3,323	3,679	4,378
Adj EBITDA	**6,227**	**6,091**	**3,237**	**4,496**	**5,837**
Depreciation & amortization	420	456	454	566	720
EBIT before exceptional items	**5,807**	**5,635**	**2,784**	**3,930**	**5,117**
Exceptional item	0	0	0	0	0
EBIT	**5,807**	**5,635**	**2,784**	**3,930**	**5,117**
Interest expense	171	120	64	60	60
Other income	147	152	296	340	316
PBT	**5,783**	**5,668**	**3,016**	**4,210**	**5,373**
Tax	1,604	1,611	693	842	1,114
PAT before MI	**4,179**	**4,057**	**2,323**	**3,368**	**4,259**
Minority Interest	495	802	274	274	274
PAT	**3,684**	**3,255**	**2,049**	**3,094**	**3,985**
EPS (INR)	**113.7**	**100.5**	**63.2**	**95.4**	**122.9**

Source: Company, KRChoksey Research

Exhibit 2: Cash Flow Statement

INR Millions	FY22	FY23	FY24	FY25E	FY26E
Operating Cash Flow	2,196	3,822	2,196	1,991	3,405
Investing Cash Flow	-1,473	-1,863	-1,598	-2,660	-2,684
Financing Cash Flow	-565	-812	-750	7	-60
Net Inc/Dec in cash equivalents	158	1,146	-152	-663	661
Opening Balance	173	331	964	812	149
Closing Balance Cash & Cash Equivalent	331	1,478	812	149	810

Source: Company, KRChoksey Research

Exhibit 3: Key Ratio

Key Ratio	FY22	FY23	FY24	FY25E	FY26E
EBITDA Margins (%)	26.8%	25.9%	19.7%	22.0%	24.0%
Net Profit Margin (%)	15.9%	13.8%	12.5%	15.1%	16.4%
RoE (%)	28.0%	19.2%	10.8%	14.0%	15.3%
RoCE (%)	42.1%	33.0%	16.1%	19.2%	20.7%
RoA (%)	21.1%	16.6%	9.5%	12.8%	14.0%
Debt/Equity (x)	0.08	0.03	0.01	0.01	0.01

Source: Company, KRChoksey Research

Balaji Amines Ltd

Exhibit 4: Balance Sheet

INR Millions	FY22	FY23	FY24	FY25E	FY26E
Property, plant and equipment (PPE)	6,812	7,805	8,961	12,905	15,185
Capital work-in-progress	1,409	1,132	2,026	2,026	2,026
Other financial assets	61	62	71	53	64
Other non-current assets	100	301	415	261	311
Total non-current assets	**8,382**	**9,300**	**11,492**	**15,246**	**17,586**
Investment	0	727	0	0	0
Inventories	2,224	3,028	2,869	2,627	3,127
Trade receivables	5,881	3,778	3,194	3,278	3,901
Cash and cash equivalents	331	1,478	812	149	810
Bank balances other than (iii) above	184	886	2,586	2,586	2,586
Other current assets	450	427	506	371	441
Other financial assets	0	5	3	0	0
Total current assets	**9,071**	**10,328**	**9,970**	**9,011**	**10,865**
TOTAL ASSETS	**17,453**	**19,628**	**21,462**	**24,257**	**28,450**
Equity share capital	65	65	65	65	65
Other equity	12,434	15,478	17,154	20,247	24,232
Non-controlling interests	650	1,439	1,714	1,714	1,714
Total equity	**13,149**	**16,982**	**18,932**	**22,026**	**26,011**
Borrowings	576	303	106	106	106
Other financial liabilities	9	10	6	9	10
Provisions	7	18	44	16	19
Deferred tax liabilities (Net)	677	812	875	875	875
Other non-current liabilities	28	10	11	8	10
Total non-current liabilities	**1,297**	**1,153**	**1,042**	**1,014**	**1,021**
Borrowings	431	273	91	158	158
Trade payables	1,809	622	778	540	643
Other financial liabilities	630	480	503	417	496
Other current liabilities	83	58	50	51	60
Provisions	0	3	29	3	3
Current tax liabilities (Net)	55	57	37	49	58
Total current liabilities	**3,007**	**1,493**	**1,487**	**1,217**	**1,418**
Total liabilities	**4,304**	**2,646**	**2,529**	**2,231**	**2,439**
TOTAL EQUITY AND LIABILITIES	**17,453**	**19,628**	**21,462**	**24,257**	**28,450**

Source: Company, KRChoksey Research

Balaji Amines Ltd

Balaji Amines Ltd			
Date	CMP (INR)	TP (INR)	Recommendation
21-May-24	2,277	2,643	BUY
12-Feb-24	2,201	2,831	BUY
21-Nov-23	2,030	2,172	ACCUMULATE
04-Sep-23	2,229	2,803	BUY
25-May-23	2,170	3,191	BUY
13-Feb-23	2,180	3,790	BUY
28-Oct-22	3,039	4,313	BUY

Rating Legend (Expected over a 12-month period)	
Our Rating	Upside
Buy	More than 15%
Accumulate	5% – 15%
Hold	0 – 5%
Reduce	-5% – 0
Sell	Less than – 5%

In case of any grievances, please write to grievance@krchoksey.com
Visit us at www.krchoksey.com
KRChoksey Shares and Securities Pvt. Ltd.
CIN-U67120MH1997PTC108958
Registered Office: 1102, Stock Exchange Tower, Dalal Street, Fort, Mumbai – 400 001.
Phone: 91-22-6633 5000; Fax: 91-22-6633 8060
Corporate Office: 701-702, DLH Plaza, Opp Shoppers Stop, S V Road, Andheri (W), Mumbai 400 058
Phone: 91-22-66535000
Compliance Officer: Varsha Shinde
Email: varsha.shinde@krchoksey.com

UNNATI SACHIN JADHAV

Digitally signed by UNNATI SACHIN JADHAV
Date: 2024.05.21 11:43:19 +05'30'