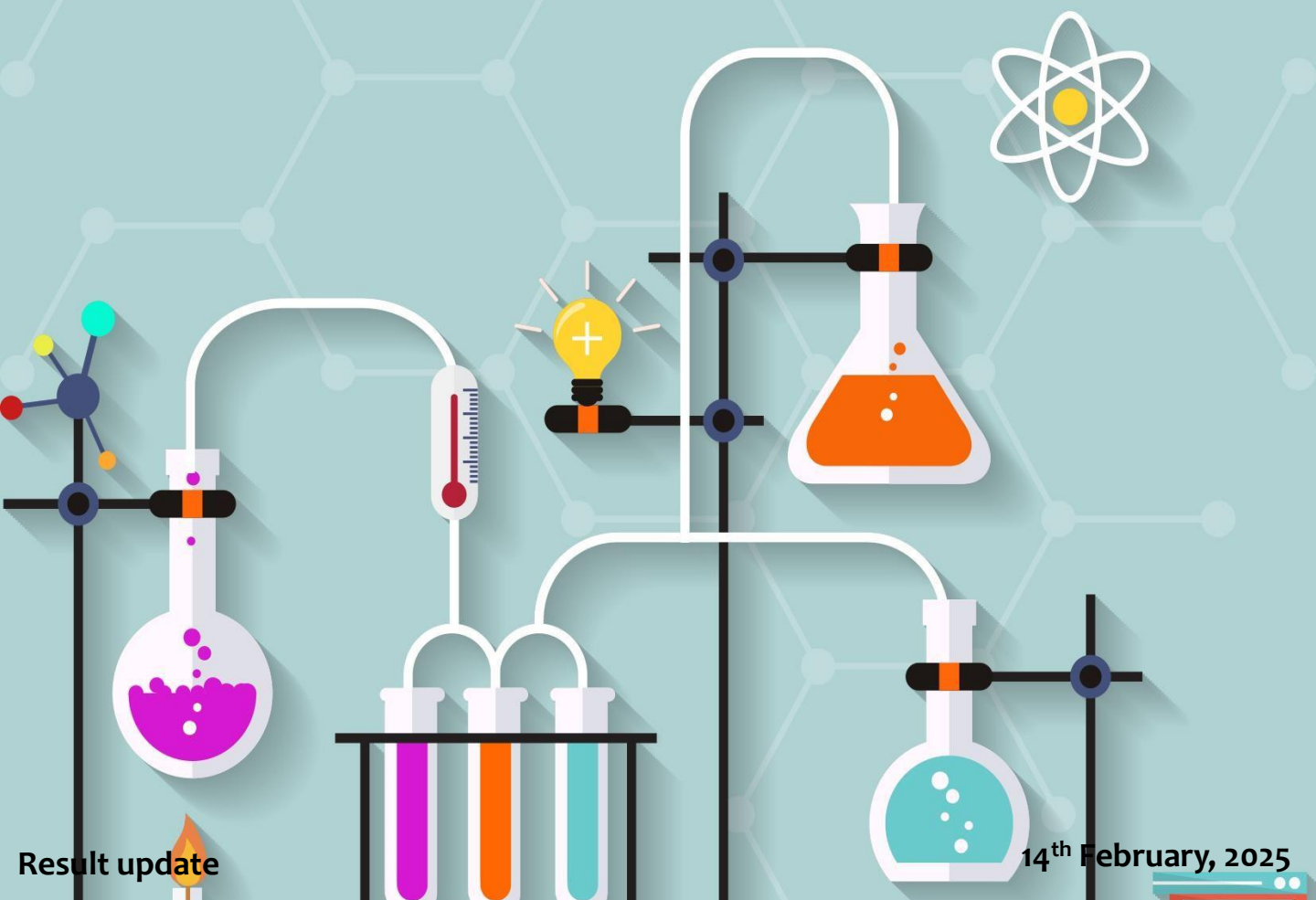




Balaji Amines Ltd

Q3FY25



Balaji Amines Ltd.

Volume and pricing pressures weigh on performance

CMP INR 1,516	Target INR 1,640	Potential Upside 8.2%	Market Cap (INR Mn) INR 49,081	Recommendation ACCUMULATE	Sector Specialty Chemicals
------------------	---------------------	--------------------------	-----------------------------------	-------------------------------------	--------------------------------------

Result Highlights of Q3FY25:

- Balaji Amines' revenue missed our estimates due to weak demand. EBITDA missed our estimates due to miss in the revenue and operating leverage. Adj. PAT missed our estimates due to weak operating performance, higher than expected depreciation expense, and lower-than-expected other income.
- We decrease our FY26E/FY27E EPS estimates by 23.0% and 24.2% to INR 83.4 and INR 102.5, respectively. This adjustment reflects the weaker-than-expected Q3FY25 performance, persistent market headwinds impacting pricing, and slower-than-anticipated demand recovery, which continue to exert pressure on profitability.
- We roll over our valuation multiple to FY27E and assign a PE multiple of 16.0x to arrive at a target price of INR 1,640 (previously: INR 2,328). Given the reduced earnings outlook, we downgrade our rating to "ACCUMULATE" from "BUY".

MARKET DATA

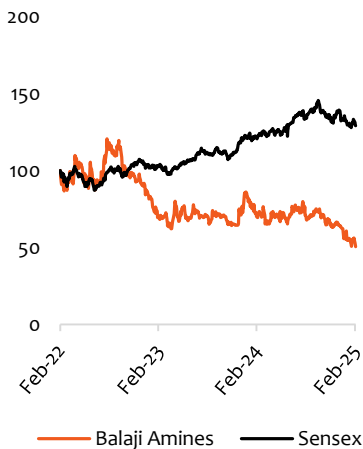
Shares outs (Mn)	32.4
Mkt Cap (INR Mn)	49,081
52 Wk H/L (INR)	2,550/1,490
Volume Avg (3m K)	108
Face Value (INR)	2
Bloomberg Code	BLA IN

KEY FINANCIALS

INR Millions	FY23	FY24	FY25E	FY26E	FY27E
Revenue	23,554	16,415	14,376	16,532	19,012
EBITDA	6,091	3,237	2,405	3,924	4,848
PAT	3,255	2,049	1,469	2,703	3,323
EPS	100.5	63.2	45.3	83.4	102.5
EBITDA Margin (%)	25.9%	19.7%	16.7%	23.7%	25.5%
PAT margin	13.8%	12.5%	10.2%	16.3%	17.5%

Source: Company, DevenChoksey Research

SHARE PRICE PERFORMANCE



Muted demand and pricing pressure impact top-line growth

- For Q3FY25, the revenue decreased 18.4% YoY (-9.8% QoQ) to INR 3,127 Mn, due to decline in volume and fall in price realization.
- Total volume declined 10.4% (-8.5% QoQ) to 24,097 MT (Metric Tons) due to weak demand.
- Amines volumes declined 2.4% YoY (-1.3% QoQ) to 7,515 MT, contributing 31.2% of total volume. Amines Derivatives volumes declined 5.1% YoY (1.4% QoQ) to 8,809 MT, contributing 36.6% of total volume. Specialty Chemical volumes declined 21.6% YoY (-22.6% QoQ) to 7,773 MT, contributing 32.3% of total volume.
- On average, price realization declined by 8.9% YoY (-1.4% QoQ) to INR 130 in Q3FY25. Capacity utilization has decreased to 39.0% in Q3FY25 as compared to 43.0% in Q2FY25 and 47.0% in Q3FY24.

Profitability hit by lower gross margins and operating leverage

- Gross margins contracted 157 bps YoY (-259 bps QoQ) to 43.2%, due to a steep fall in the price realization.
- EBITDA decreased 38.4% YoY (-24.7% QoQ) to INR 457 Mn. EBITDA margin contracted 474 bps YoY (-288 bps QoQ) to 14.6%, primarily impacted by drop in gross margin and operating leverage.
- Adj. Net profit decreased 32.8% YoY (-19.0% QoQ) to INR 332 Mn. Adj. PAT margin contracted 227 bps YoY (-120 bps QoQ) to 10.6%.

MARKET INFO

SENSEX	76,139
NIFTY	23,031

SHARE HOLDING PATTERN (%)

Particulars	Dec-24	Sept-24	Jun-24
Promoters	53.7	53.7	53.7
FIIIs	5.2	5.3	5.1
DIIIs	1.7	1.8	1.6
Others	39.5	39.2	39.7
Total	100.0	100.0	100.0

*Based on the previous closing

Note: All the market data is as of previous closing

5.0%

Revenue CAGR between FY24 and FY27E

17.5%

Adj. PAT CAGR between FY24 and FY27E

Balaji Amines Ltd.

Other Highlights:

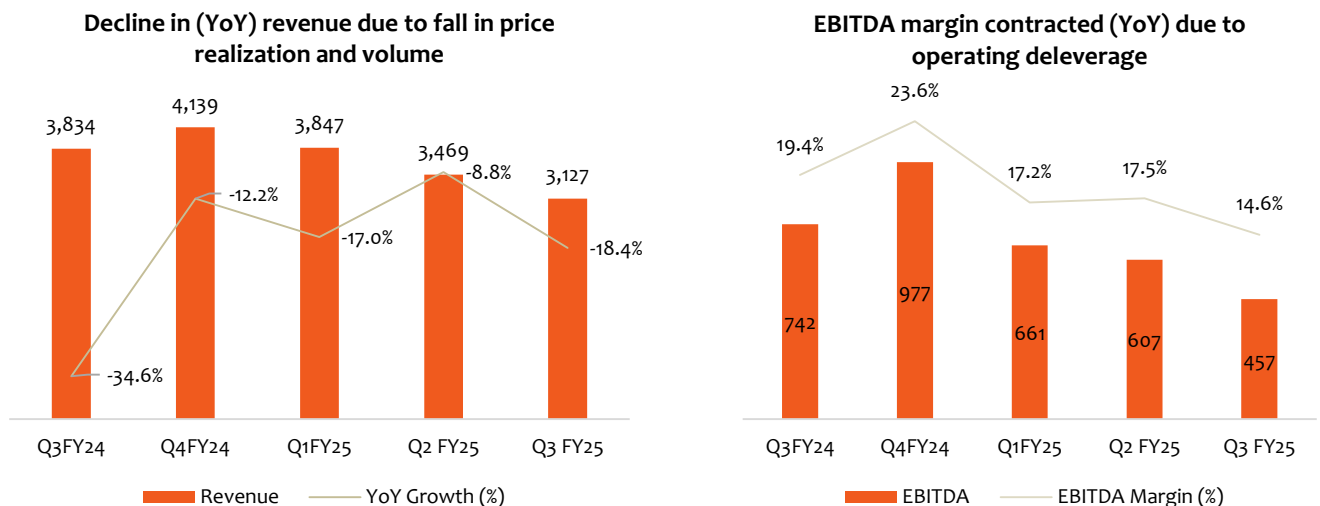
- **Electronic Grade DMC (Dimethyl Carbonate):** Additional equipment is being integrated into the existing DMC/PG plant. Most of the equipment has been received, and the plant is expected to be commissioned by **March 2025E**.
- **Propylene Glycol Pharma Grade:** Enhancements are being made to the existing DMC/PG plant, allowing the production of IP/USP/BP/EP grades of Propylene Glycol. The commissioning is targeted for **March 2025E**.
- **Di Methyl Ether:** The plant is currently under construction and is expected to be operational by **Q1FY26E**.
- **N-Methyl Morpholine (NMM):** A new NMM plant with a capacity of **15 MT/day** is under execution at Unit IV. Detailed engineering is nearing completion, with most equipment ordered and civil work in progress. Commissioning is planned for **FY26E**.
- **Iso Propyl Amine:** The company is modifying its existing Ethyl Amines plant at Unit-I to manufacture Iso Propyl Amines (MIPA/DIPA), with a capacity of **20-21 MT/day**. The plant is expected to be commissioned before **June 2025E**.
- **Greenfield Solar Power Plant:** The company has received approvals for setting up a **20 MW solar power plant** in Maharashtra. In the first phase, an **8 MW DC (6 MW AC) solar power plant** is expected to be commissioned within **FY25E**, reducing energy costs and aligning with ESG commitments.
- **NBPT (N-(N-Butyl) Thiophosphoric Triamide) Plant:** The company plans to establish a **2500 TPA** plant in **FY26E**.
- **Acrylonitrile (ACN) Plant:** A new **60 MT/day ACN plant** is planned at Unit-III MIDC, Chincholi. Detailed engineering is underway, with procurement of critical equipment in progress. The plant is expected to be commissioned during **FY26E**.
- The company is investing **INR 7,500 Mn** in Balaji Specialty Chemicals Limited to expand into a wide range of products, including **Hydrogen Cyanide (HCN)**, **Sodium Cyanide (NaCN)**, **Ethylene Diamine Tetra Acetic Acid (EDTA)**, **Benzyl Cyanide (BnCN)**, and **Phenylacetic Acid (PAA)**.

Valuation and view:

Balaji Amines experienced a decline in revenue during Q3FY25, primarily due to lower sales volumes and weaker price realization amid subdued demand. The slowdown was evident across key product segments, including Amines, Amines Derivatives, and Specialty Chemicals, with Specialty Chemicals witnessing the most significant contraction. The reduction in capacity utilization further reflected the impact of soft market conditions. Margins were under pressure due to the steep decline in price realization, leading to gross margin contraction. Additionally, the combination of lower sales and increased cost absorption challenges resulted in operating deleverage, further affecting profitability.

We decrease our FY26E/FY27E EPS estimates by 23.0% and 24.2% to INR 83.4 and INR 102.5, respectively. This adjustment reflects the weaker-than-expected Q3FY25 performance, persistent market headwinds impacting pricing, and slower-than-anticipated demand recovery, which continue to exert pressure on profitability. Unless pricing stabilizes and demand sees a meaningful rebound, near-term earnings visibility remains challenging. We expect the revenue to grow at 5.0% CAGR and Adj. PAT to grow at 17.5% CAGR over FY24-FY27E. Currently, the stock is trading at a PE multiple of 18.2x/14.8x based on FY26E/FY27E EPS, respectively. We roll over our valuation multiple to FY27E and assign a PE multiple of 16.0x to arrive at a revised target price of INR 1,640 (previously: INR 2,328). Given the reduced earnings outlook, we downgrade our rating to “ACCUMULATE” from “BUY” with an upside potential of 8.2%.

Quarterly trend in charts



Source: Company, DevenChoksey Research

Balaji Amines Ltd.

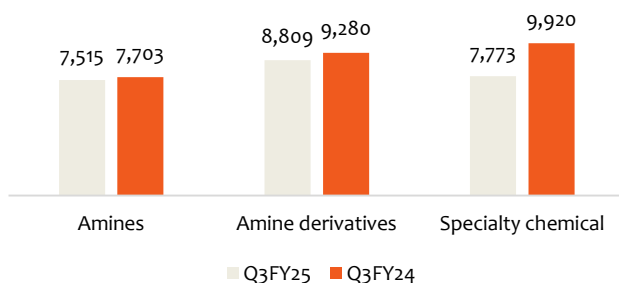
Result Snapshot

Particulars (Mn)	Q3FY25	Q2FY25	Q3FY24	QoQ	YoY	9MFY25	9MFY24	YoY
Revenue from Operations	3,127	3,469	3,834	-9.8%	-18.4%	10,444	12,276	-14.9%
Total Expenditure	2,670	2,862	3,092	-6.7%	-13.6%	8,719	10,016	-12.9%
Cost of Raw Materials	1,685	2,219	2,013	-24.1%	-16.3%	5,835	6,486	-10.0%
Purchase of Stock	0	0	0	NA	NA	0.0	0.0	NA
Changes in Inventories	91	-339	104	NA	NA	-9	414	-102.2%
Employee Cost	185	193	206	-3.8%	-9.8%	570	577	-1.3%
Other Expenses	709	789	769	-10.2%	-7.9%	2,322	2,538	-8.5%
EBITDA	457	607	742	-24.7%	-38.4%	1,725	2,260	-23.7%
EBITDA Margin (%)	14.6%	17.5%	19.4%	-288 bps	-474 bps	16.5%	18.4%	-190 bps
Depreciation	119	120	108	-1.0%	9.5%	355	331	7.3%
EBIT	338	487	633	-30.5%	-46.6%	1,370	1,929	-29.0%
Other Income	79	92	85	-14.4%	-7.1%	252	209	20.6%
Interest Expense	8	11	15	-25.1%	-48.4%	28	51	-44.6%
Share of Associates	0	0	0	NA	NA	0	0	NA
PBT before Exceptional	409	568	703	-28.0%	-41.8%	1,593	2,087	-23.7%
Exceptional Items	0	0	0	NA	NA	0	0	NA
PBT	409	568	703	-28.0%	-41.8%	1,593	2,087	-23.7%
Tax	98	154	145	-36.5%	-32.7%	411	488	-15.8%
Minority interest	-20	5	64	-531.5%	-132.0%	7	230	NA
PAT	332	410	494	-19.0%	-32.8%	1,175	1,368	-14.2%
PAT Margin (%)	10.6%	11.8%	12.9%	-120 bps	-227 bps	11.2%	11.1%	10 bps
EPS	10.2	12.6	15.2	-19.0%	-32.8%	36.3	42.2	-14.2%
Adj. PAT	332	410	494	-19.0%	-32.8%	1,175	1,368	-14.2%
Adj. PAT Margin (%)	10.6%	11.8%	12.9%	-120 bps	-227 bps	11.2%	11.1%	10 bps
Adj. EPS	10.2	12.6	15.2	-19.0%	-32.8%	36.3	42.2	-14.2%

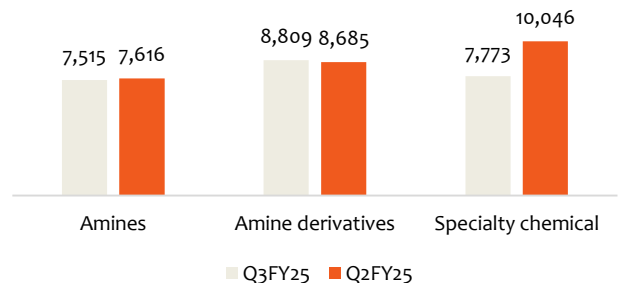
Source: Company, DevenChoksey Research

Segmental volumes in a chart

Segmental Volumes YoY (MT)



Segmental Volumes QoQ (MT)



Source: Company, DevenChoksey Research

Balaji Amines Ltd.

Exhibit 1: Profit & Loss Statement

INR Mn	FY23	FY24	FY25E	FY26E	FY27E
Revenues	23,554	16,415	14,376	16,532	19,012
COGS	12,764	12,612	9,162	7,954	8,266
Gross profit	10,790	3,803	5,213	8,578	10,746
Employee cost	851	823	803	951	1,046
Other expenses	4,154	3,323	3,214	3,391	3,612
EBITDA	6,091	3,237	2,405	3,924	4,848
Depreciation	456	454	477	544	649
EBIT	5,635	2,784	1,928	3,380	4,199
Finance Costs	120	64	42	60	60
Other Income	152	296	340	342	310
PBT	5,668	3,016	2,226	3,662	4,449
Tax	1,611	693	564	767	934
PAT	3,255	2,049	1,469	2,703	3,323
EPS (INR)	100.5	63.2	45.3	83.4	102.5

Exhibit 3: Cash Flow Statement

INR Mn	FY23	FY24	FY25E	FY26E	FY27E
CFFO	3,822	2,196	2,957	2,447	2,834
CFFI	(1,863)	(1,598)	(2,660)	(2,658)	(2,690)
CFFF	(812)	(750)	25	(60)	(60)
Net Inc/Dec in cash	1,146	(152)	321	(271)	84
Opening Cash	331	964	812	1,133	862
Closing Cash	1,478	812	1,133	862	946

Exhibit 4: Key Ratio

INR Mn	FY23	FY24	FY25E	FY26E	FY27E
EBITDA Margins (%)	25.9%	19.7%	16.7%	23.7%	25.5%
Net Profit Margin (%)	13.8%	12.5%	10.2%	16.3%	17.5%
RoE (%)	19.2%	10.8%	7.2%	11.7%	12.6%
RoCE (%)	33.0%	16.1%	11.0%	15.9%	16.9%
RoA (%)	16.6%	9.5%	6.6%	10.8%	11.6%
P/E(x)	15.1	24.0	33.4	18.2	14.8

Source: Company, DevenChoksey Research

Exhibit 2: Balance Sheet

INR Mn	FY23	FY24	FY25E	FY26E	FY27E
Equity					
Equity Capital	65	65	65	65	65
Other Equity	16,917	18,868	20,337	23,039	26,362
Total Equity	16,982	18,932	20,402	23,104	26,427
Non-Current Liabilities					
Borrowings	303	106	106	106	106
Deferred tax liabilities (Net)	812	875	875	875	875
Other Non-Current Liabilities	38	61	23	27	31
Total Non-Current Liabilities	1,153	1,042	1,004	1,008	1,012
Current Liabilities					
Borrowings	273	91	158	158	158
Trade Paybles	622	778	380	437	502
Other current liabilities	598	618	365	420	483
Total Current Liabilities	1,493	1,487	903	1,015	1,143
Total Liabilities	2,646	2,529	1,907	2,023	2,156
Non-Current Assets					
Property Plants and Equipments	7,805	8,961	11,434	13,890	16,241
Capital work-in-progress	1,132	2,026	2,026	2,026	2,026
Other Non-current assets	362	505	221	254	293
Total Non-Current Assets	9,300	11,492	13,681	16,170	18,559
Current Assets					
Inventories	3,028	2,869	1,891	2,038	2,500
Trade Receivables	3,778	3,194	2,757	3,171	3,646
Cash and Bank	2,363	3,398	3,719	3,448	3,532
Oher current assets	1,159	509	261	300	345
Total Current Assets	10,328	9,970	8,628	8,957	10,023
Total Assets	19,628	21,462	22,309	25,127	28,583

Balaji Amines Ltd.

Balaji Amines Ltd			
Date	CMP (INR)	TP (INR)	Recommendation
14-Feb-25	1,516	1,640	ACCUMULATE
20-Nov-24	1,996	2,328	BUY
09-Aug-24	2,222	2,569	BUY
18-May-24	2,211	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

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%

ANALYST CERTIFICATION:

I, **Dipak Saha** (MBA, Finance), Research Analyst, author and the name subscribed to this report, hereby certify that all of the views expressed in this research report accurately reflect my views about the subject issuer(s) or securities. I also certify that no part of our compensation was, is, or will be directly or indirectly related to the specific recommendation(s) or view(s) in this report.

Terms & Conditions and other disclosures:

KRChoksey Shares and Securities Pvt. Ltd (hereinafter referred to as KRCSSPL) is a registered member of National Stock Exchange of India Limited and Bombay Stock Exchange Limited. KRCSSPL is a registered entity with SEBI for Research Analyst in terms of SEBI (Research Analyst) Regulations, 2014 vide registration number INH000001295. It is also registered as a Depository Participant with CDSL, CDSL Registration No IN-DP-425-2019.

KRChoksey Shares & Securities Pvt Ltd. and DRChoksey Finserv Private Ltd. (Demerged entity from KRChoksey Shares & Securities Limited) are regulated by the Securities and Exchange Board of India ("SEBI") and is licensed to carry on the business of Research Analysts including preparing and distribution of Research Reports. This research report is prepared and distributed by DRChoksey Finserv Private Ltd in the capacity of a Research Analyst as per Regulation 22(1) of SEBI (Research Analysts) Regulations 2014 having SEBI Registration No. INH00001246. It may be further notified that KRCSSPL carries on the activity of preparation as well as distribution of reports in the capacity of a Research Analyst as per Regulation 22(1) of SEBI (Research Analysts) Regulations 2014 having SEBI Registration No. INH000001295.

Deven Choksey Research is a brand name of DRChoksey Finserv Private Limited. The information and opinions in this report are subject to change without any notice. The report and information contained herein is strictly confidential and meant solely for the selected recipient and may not be altered in any way, transmitted to, copied or distributed, in part or in whole, to any other person or to the media or reproduced in any form, without prior written consent of KRCSSPL. While we would endeavour to update the information herein on a reasonable basis, KRCSSPL is not under any obligation to update the information. Also, there may be regulatory, compliance or other reasons that may prevent KRCSSPL from doing so. Non-rated securities indicate that rating on a particular security has been suspended temporarily and such suspension follows applicable regulations and/or KRCSSPL policies, in circumstances where KRCSSPL might be acting in an advisory capacity to this company, or in certain other circumstances.

This report is based on information obtained from public sources and sources believed to be reliable, but no independent verification has been made nor is its accuracy or completeness guaranteed. This report and information herein is solely for informational purpose and shall not be used or considered as an offer document or solicitation of offer to buy or sell or subscribe for securities or other financial instruments. Though disseminated to all the customers simultaneously, not all customers may receive this report at the same time. KRCSSPL will not treat recipients as customers by virtue of their receiving this report. Nothing in this report constitutes investment, legal, accounting and tax advice or a representation that any investment or strategy is suitable or appropriate to your specific circumstances. The securities discussed and opinions expressed in this report may not be suitable for all investors, who must make their own investment decisions, based on their own investment objectives, financial positions and needs of specific recipient. This may not be taken in substitution for the exercise of independent judgment by any recipient. The recipient should independently evaluate the investment risks. The value and return on investment may vary because of changes in interest rates, foreign exchange rates or any other reason. KRCSSPL accepts no liabilities whatsoever for any loss or damage of any kind arising out of the use of this report. Past performance is not necessarily a guide to future performance. Investors are advised to see Risk Disclosure Document to understand the risks associated before investing in the securities markets. Actual results may differ materially from those set forth in projections. Forward-looking statements are not predictions and may be subject to change without notice. Our employees in sales and marketing team, dealers and other professionals may provide oral or written market commentary or trading strategies that reflect opinions that are contrary to the opinions expressed herein, in reviewing these materials, you should be aware that any or all of the foregoing, among other things, may give rise to real or potential conflicts of interest.

We submit that no material disciplinary action has been taken on KRCSSPL and its associates (Group Companies) by any Regulatory Authority impacting Equity Research Analysis activities. KRCSSPL prohibits its associate, analysts, persons reporting to analysts and their relatives from maintaining a financial interest in the securities or derivatives of any companies that the analyst covers.

KRCSSPL or its associates (Group Companies) collectively or its research analyst, or relatives do not hold any financial interest/beneficial ownership of more than 1% (at the end of the month immediately preceding the date of publication of the research report) in the company covered by Analyst and has not been engaged in market making activity of the company covered by research analyst.

It is confirmed that, I, Dipak Saha Research Analyst of this report have not received any compensation from the companies mentioned in the report in the preceding twelve months. Compensation of our Research Analysts is not based on any specific brokerage service transactions.

KRCSSPL or its Associates (Group Companies) have not managed or co-managed public offering of securities for the subject company in the past twelve months.

KRCSSPL or its associates (Group Companies) collectively or its research analyst, or relatives might have received any commission/compensation from the companies mentioned in the report during the period preceding twelve months from the date of this report for services in respect of brokerage services or specific transaction or for products and services other than brokerage services.

KRCSSPL or its associates (Group Companies) collectively or its research analyst, or relatives might have received any commission/compensation from the companies mentioned in the report during the period preceding twelve months from the date of this report other than investment banking or merchant banking or brokerage services from the subject company

KRCSSPL encourages the practice of giving independent opinion in research report preparation by the analyst and thus strives to minimize the conflict in preparation of research report. KRCSSPL or its analysts did not receive any compensation or other benefits from the companies mentioned in the report or third party in connection with preparation of the research report. Accordingly, neither KRCSSPL nor Research Analysts his associate or his relative, have any material conflict of interest at the time of publication of this report.

It is confirmed that, Dipak Saha, Research Analyst do not serve as an officer, director or employee of the companies mentioned in the report.

KRCSSPL or its associates (Group Companies) or its research analyst has may been engaged in market making activity for the subject company.

This report is not directed or intended for distribution to, or use by, any person or entity who is a citizen or resident of or located in any locality, state, country or other Jurisdiction, where such distribution, publication, availability or use would be contrary to law, regulation or which would subject KRCSSPL and affiliates to any registration or licensing requirement within such jurisdiction. The securities described herein may or may not be eligible for sale in all jurisdictions or to certain category of investors. Persons in whose possession this document may come are required to inform them of and to observe such restriction.

Please send your feedback to research.insti@krchoksey.com

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

RESEARCH ANALYST

Dipak Saha, research5@krchoksey.com, +91-22-6696 5408

KRChoksey Research

is also available on Bloomberg KRCS<GO>
Thomson Reuters, Factset and Capital IQ

Phone: +91-22-6696 5555, Fax: +91-22-6691 9576
www.krchoksey.com