



Q2FY26

Balaji Amines Ltd



Balaji Amines Ltd.

Muted quarter with stable revenues and softer profitability.

| | | | | | |
|-------------------|---------------------|---------------------------|-----------------------------------|-------------------------------------|--------------------------------------|
| CMP* INR 1,172 | Target INR 1,334 | Potential Upside 13.8% | Market Cap (INR Mn) INR 37,973 | Recommendation ACCUMULATE | Sector Specialty Chemicals |
|-------------------|---------------------|---------------------------|-----------------------------------|-------------------------------------|--------------------------------------|

Result Highlights

Revenue:

Balaji Amines' Q2FY26 revenue stood at INR 3,406 Mn, down 5.0% QoQ and 1.8% YoY, reflecting a stable operating environment despite softer commodity pricing pressure.

Total sales volumes were maintained at similar levels YoY at 26,166 MT, supported by steady demand across key segments. Amines volumes came in at 7,685 MT, Amines Derivatives at 8,374 MT, and Specialty Chemicals at 10,107 MT ppt.

Adjusted PAT stood at INR 346 Mn, declining –9.1% QoQ and –15.7% YoY, impacted by higher depreciation and normalised tax rate.

Overall realizations remained soft, though product offtake improved in key amine and intermediate categories, with management indicating continued stability in end-market demand.

Margins and Profitability:

Gross Profit stood at INR 1,556 Mn, down 5.2% YoY (-4.3% QoQ), with Gross Profit margin at 45.7% (-66 bps YoY / -30 bps QoQ).

EBITDA came in at INR 598 Mn, down 1.4% YoY (+9.4% QoQ), translating into an EBITDA margin of 17.6% (7 bps YoY / +230 bps QoQ).

PAT stood at INR 346 Mn, declining 15.7% YoY (-9.1% QoQ), while PAT margin contracted by 167 bps YoY (-46 bps QoQ) to 10.1%.

Outlook:

We expect operational performance to gradually stabilize as end-market demand normalizes and product offtake improves across key amine and derivative categories. While realizations are likely to remain soft in the near term, margin recovery should be supported by better mix, improved plant efficiencies, and lower input cost volatility.

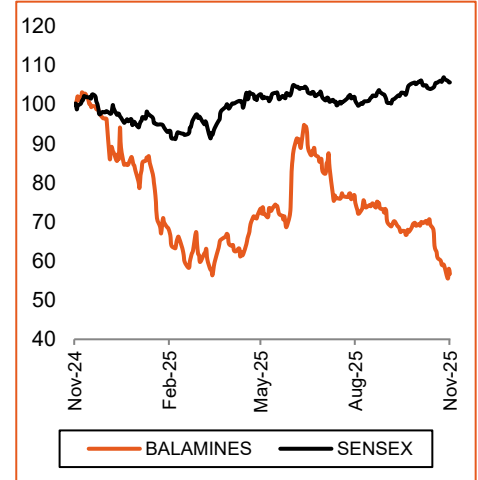
The company continues to benefit from a steady demand environment in pharma and agro intermediates, and incremental volume contribution from new capacities is expected to support growth in H2. Working capital intensity, which remained elevated in recent quarters, is also expected to ease with better inventory alignment and disciplined credit management.

Overall, we maintain a constructive outlook with medium-term growth driven by capacity additions and a gradual improvement in profitability metrics.

Valuation

We value Balaji Amines at 18.0x Sept'27E EPS, arriving at a target price of INR 1,334 as we roll forward to Q2FY28E. Accordingly, we maintain our "ACCUMULATE" rating on the stock.

SHARE PRICE PERFORMANCE



MARKET DATA

| | |
|-------------------|-------------|
| Shares outs (Mn.) | 32.4 |
| Mkt Cap (INR Mn.) | 37,973 |
| 52-Week H/L (INR) | 2,120/1,084 |

*Based on previous closing
Note: All the market data is as of previous closing

SHARE HOLDING PATTERN (%)

| Particulars (%) | Sept-25 | Jun-25 | Mar-25 |
|-----------------|---------|--------|--------|
| Promoters | 54.6 | 54.6 | 54.6 |
| FIIIs | 4.5 | 5.0 | 5.1 |
| DIIIs | 1.5 | 1.5 | 1.5 |
| Others | 39.4 | 38.9 | 38.8 |
| Total | 100.0 | 100.0 | 100.0 |

12.4%

Revenue CAGR
between FY25-27E

16.5%

PAT CAGR
between FY25-27E

KEY FINANCIALS

| INR Millions | FY24 | FY25 | FY26E | FY27E | FY28E |
|---------------|--------|--------|--------|--------|--------|
| Revenue | 16,415 | 13,971 | 14,974 | 17,650 | 20,855 |
| EBITDA | 3,237 | 2,322 | 2,646 | 3,309 | 4,298 |
| EBITDA Margin | 19.7% | 16.6% | 17.7% | 18.7% | 20.6% |
| PAT | 2,049 | 1,575 | 1,746 | 2,138 | 2,782 |
| EPS | 63.2 | 48.6 | 53.9 | 66.0 | 85.8 |

Source: Company, DevenChoksey Research

Balaji Amines Ltd.

Key Concall Highlights:

Overall Performance & Margin Trends:

- Q2 FY26 revenue came in slightly lower QoQ due to moderated demand in select pharma and agrochem segments, but overall volumes held steady YoY. Despite softer top-line, margin delivery remained resilient.
- EBITDA margin improvement: EBITDA margins improved to ~19% vs ~17% in Q1, supported by better cost absorption and stable commodity prices. Management emphasised that operational efficiencies helped sustain profitability.
- Healthy PAT despite demand normalization: PAT remained flat sequentially, showcasing resistance in a mixed demand environment. Strong working capital discipline and zero-debt balance sheet added to financial stability.
- H1 performance stable: H1 FY26 posted INR 715 crore revenue and 18% EBITDA margin, indicating a stable first half despite external challenges. Volumes across amines, derivatives, and specialty chemicals were largely comparable YoY, being funded entirely through internal accruals, reflecting the company's strong balance sheet and disciplined capital allocation.

Operations, Capacity Utilization & Product-Segment Commentary:

- Amines & Derivatives saw stable volumes: Core amines and derivatives maintained their volume run-rate, driven by diversified product applications. Domestic demand is stable, while export demand remains variable due to global pharma/agro softness.
- Specialty chemical capacity utilization remained low as Unit-1 underwent ongoing brownfield modifications. Plants ran intermittently (10–20 days/month), impacting near-term volumes.
- EV/battery-linked products such as DMC and battery-grade NMP operated at 20–30% utilization due to delayed offtake from domestic battery manufacturers. PG is awaiting pharma-grade approvals, limiting full-scale ramp-up. Methylamines and butylamines steady: Methylamines are operating at 80–85% utilization, while butylamines remain at 30–35% utilization. These categories are expected to lift as downstream applications normalize.

New Projects, Expansions & Commissioning Timelines:

- PESO approvals for DME cylinders and blending permissions are progressing; commissioning expected by the end of the current quarter. Post-approval, customer sampling for aerosol applications will begin.
- NMM unit will be commissioned by end of the current quarter, while DMC (battery-grade) commissioning is targeted for the first week of next quarter. These projects are expected to materially contribute from FY27. Existing ACN plant is being upgraded for high-purity, low-cost production, expected to be completed by Q1 FY27. The new technology is expected to significantly enhance margins and competitiveness in both domestic and export markets.
- Subsidiary expansion on track: Balaji Specialty Chemicals' INR 750 crore expansion (Unit-1 and Unit-2) is progressing as per schedule, with commissioning expected between Sep 2026 and Dec 2026. These expansions will add multiple cyanide-based and EDA-derivative products.

Market Demand Environment & Pricing Dynamics:

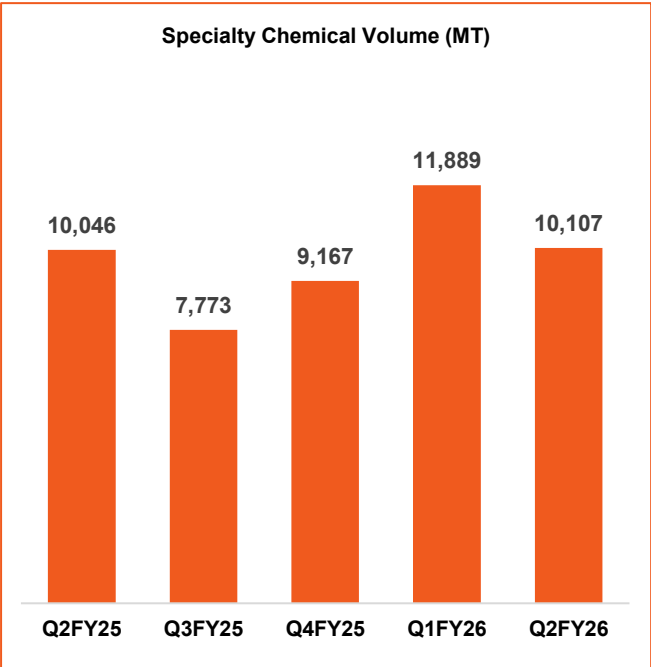
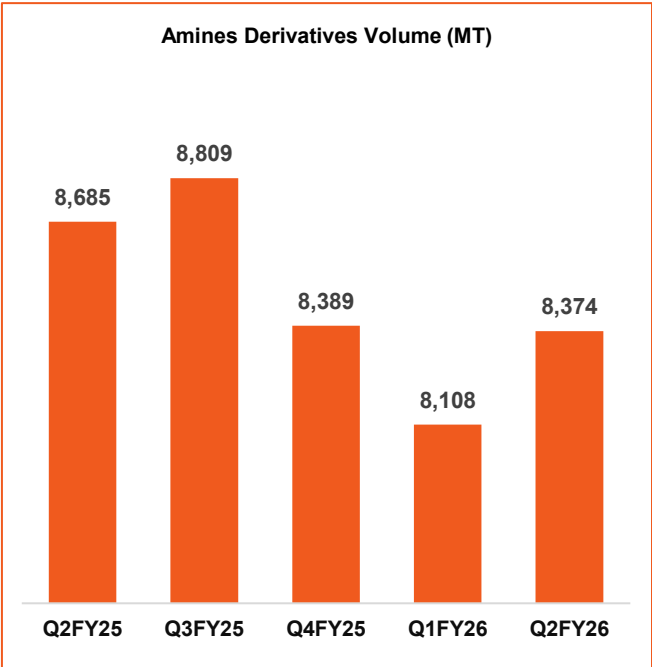
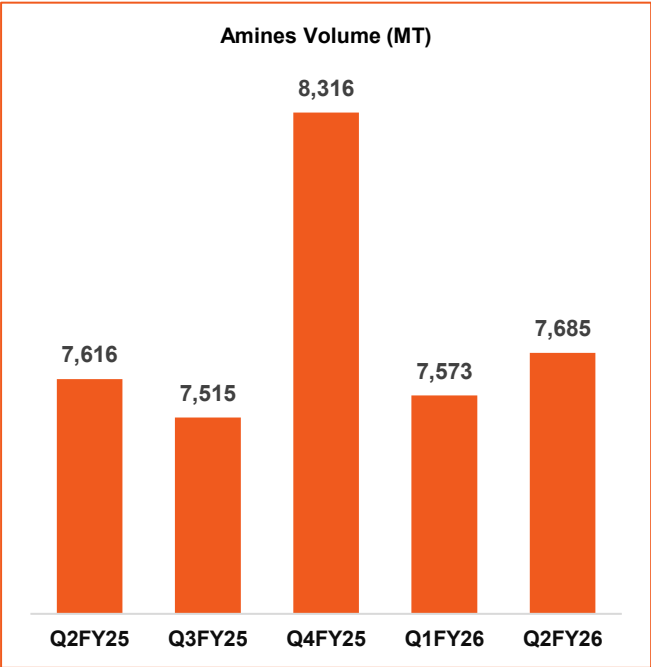
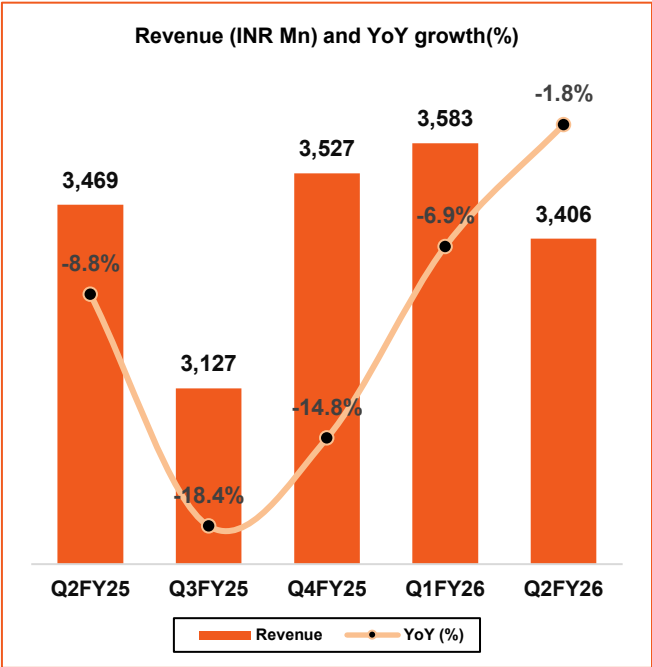
- Domestic demand across amines and intermediates remains steady, while exports have been impacted by freight cost variability and slower uptake in global pharma/agro markets.
- After several sluggish quarters, the company is witnessing gradual improvement in order flow from pharma and agrochemical customers. Expectation is for normalization in upcoming quarters.
- Methanol and ammonia volatility impacted recent quarters, but prices have settled at favorable levels. This stabilisation is expected to support margins and improve competitiveness in export markets.
- The company faces competition mainly in DMF, where pricing fluctuates based on Chinese supply. Other key products remain well-insulated from aggressive imports.

Outlook & Management Commentary:

- Volume growth guidance maintained: Despite muted H1, management remains confident of achieving 8–10% volume growth in H2, driven by DME, DMC, NMP, and PG approvals ramping up.
- FY27 expected to be a stronger year: With multiple capacity additions becoming operational by FY26-end and ACN new-technology plant coming online in early FY27, revenue and margin expansion is expected in FY27.
- Strategic focus on high-value, import-substitute products: The company continues to prioritize diversification, cost innovation, and specialty expansion to enhance long-term margin resilience.

Balaji Amines Ltd.

Story in Charts



Source: Company, DevenChoksey Research

Balaji Amines Ltd.

Q2FY26 Quarterly Results:

| Particulars (INR Mn) | Q2FY26 | Q1FY26 | Q2FY25 | QoQ | YoY |
|--------------------------------|--------------|--------------|--------------|----------------|----------------|
| Revenue from operations | 3,406 | 3,583 | 3,469 | -5.0% | -1.8% |
| Total Expenditure | 2,807 | 3,036 | 2,862 | -7.5% | -1.9% |
| COGS | 1,850 | 2,120 | 1,880 | -12.7% | -1.6% |
| Employee cost | 194 | 205 | 193 | -5.3% | 0.7% |
| Other Expenses | 763 | 712 | 789 | 7.2% | -3.3% |
| EBITDA | 598 | 547 | 607 | 9.4% | -1.4% |
| EBITDA Margin (%) | 17.6% | 15.3% | 17.5% | 230 bps | 7 bps |
| Depreciation & amortization | 143 | 140 | 120 | 2.2% | 19.0% |
| EBIT | 455 | 407 | 487 | 11.8% | -6.5% |
| EBIT Margin (%) | 13.4% | 11.4% | 14.0% | 201 bps | -66 bps |
| Finance Cost | 10 | 7 | 11 | 31.6% | -9.7% |
| Other Income | 71 | 90 | 92 | -21.8% | -23.2% |
| Profit before tax | 516 | 490 | 568 | 5.3% | -9.1% |
| Tax expense | 145 | 125 | 154 | 16.3% | -5.4% |
| Minority Interest | 25 | -15 | 5 | -272.7% | 435.9% |
| Net profit | 346 | 380 | 410 | -9.1% | -15.7% |
| Diluted EPS (INR) | 10.7 | 11.7 | 12.6 | -9.1% | -15.7% |

Source: Company, Deven Choksey Research

Balaji Amines Ltd.

Exhibit 1: Profit & Loss Statement

| INR Mn | FY25 | FY26E | FY27E | FY28E |
|---------------------|---------------|---------------|---------------|---------------|
| Revenue | 13,971 | 14,974 | 17,650 | 20,855 |
| COGS | 9,162 | 8,419 | 9,628 | 10,969 |
| Gross profit | 4,808 | 6,555 | 8,022 | 9,886 |
| Employee cost | 799 | 857 | 1,045 | 1,214 |
| Other expenses | 3,044 | 3,052 | 3,668 | 4,373 |
| EBITDA | 2,322 | 2,646 | 3,309 | 4,298 |
| Depreciation | 484 | 586 | 696 | 776 |
| EBIT | 1,837 | 2,060 | 2,613 | 3,523 |
| Finance Costs | 37 | 30 | 28 | 28 |
| Other Income | 332 | 396 | 405 | 391 |
| PBT | 2,132 | 2,426 | 2,990 | 3,886 |
| Tax | 546 | 670 | 841 | 1,093 |
| Minority Interest | 11 | 11 | 11 | 11 |
| PAT | 1,575 | 1,746 | 2,138 | 2,782 |
| EPS (INR) | 48.6 | 53.9 | 66.0 | 85.8 |

Exhibit 3: Cash Flow Statement

| INR Mn | FY25 | FY26E | FY27E | FY28E |
|----------------------------|--------------|--------------|--------------|-------------|
| CFFO | 2,554 | 2,229 | 1,936 | 2,619 |
| CFFI | (1,392) | (2,604) | (2,595) | (2,609) |
| CFFF | (485) | (30) | (28) | (28) |
| Net Inc/Dec in cash | 677 | (405) | (687) | (18) |
| Opening Cash | 812 | 1,489 | 1,084 | 397 |
| Closing Cash | 1,489 | 1,084 | 397 | 380 |

Exhibit 4: Key Ratio

| INR Mn | FY25 | FY26E | FY27E | FY28E |
|-------------------|-------|-------|-------|-------|
| Gross Margin (%) | 44.1% | 43.8% | 45.5% | 47.4% |
| EBITDA Margin (%) | 16.6% | 17.7% | 18.7% | 20.6% |
| ROE% | 7.8% | 8.0% | 8.9% | 10.4% |
| ROCE% | 10.7% | 9.0% | 10.4% | 12.6% |
| P/E | 24.8x | 27.7x | 22.7x | 17.4x |
| EV/EBITDA | 16.2x | 17.9x | 14.5x | 11.2x |

Exhibit 2: Balance Sheet

| INR Mn | FY25 | FY26E | FY27E | FY28E |
|--------------------------------------|---------------|---------------|---------------|---------------|
| Equity | | | | |
| Equity Capital | 65 | 65 | 65 | 65 |
| Other Equity | 18,386 | 20,132 | 22,270 | 25,052 |
| Minority Interest | 1,733 | 1,733 | 1,733 | 1,733 |
| Total Equity | 20,184 | 21,930 | 24,068 | 26,850 |
| Non-Current Liabilities | | | | |
| Borrowings | 19 | 19 | 19 | 19 |
| Deferred tax liabilities (Net) | 984 | 984 | 984 | 984 |
| Other Non Current Liabilities | 37 | 37 | 37 | 37 |
| Total Non-Current Liabilities | 1,040 | 1,040 | 1,040 | 1,040 |
| Current Liabilities | | | | |
| Borrowings | 91 | 91 | 91 | 91 |
| Trade Payables | 691 | 1,409 | 1,661 | 1,962 |
| Other current liabilities | 514 | 514 | 514 | 514 |
| Total Current Liabilities | 1,297 | 2,015 | 2,266 | 2,568 |
| Total Equity and Liabilities | 22,521 | 24,984 | 27,374 | 30,458 |
| Non-Current Assets | | | | |
| Property Plants and Equipments | 9,981 | 12,395 | 14,699 | 16,923 |
| CWIP | 2,343 | 2,343 | 2,343 | 2,343 |
| Other Non current assets | 788 | 788 | 788 | 788 |
| Total Non-Current Assets | 13,112 | 15,525 | 17,830 | 20,054 |
| Current Assets | | | | |
| Inventories | 2,738 | 2,882 | 3,252 | 3,671 |
| Trade Receivables | 2,753 | 3,064 | 3,466 | 3,924 |
| Cash | 1,489 | 1,084 | 397 | 380 |
| Bank Balance | 2,046 | 2,046 | 2,046 | 2,046 |
| Other current assets | 383 | 383 | 383 | 383 |
| Total Current Assets | 9,409 | 9,459 | 9,544 | 10,403 |
| Total Assets | 22,521 | 24,984 | 27,374 | 30,458 |

Balaji Amines Ltd.

| Balaji Amines Ltd | | | | Rating Legend (Expected over a 12-month period) | |
|-------------------|-----------|----------|----------------|---|----------------|
| Date | CMP (INR) | TP (INR) | Recommendation | Our Rating | Upside |
| 26-Nov-25 | 1,172 | 1,334 | ACCUMULATE | Buy | More than 15% |
| 09-Jun-25 | 1,502 | 1,612 | ACCUMULATE | Accumulate | 5% – 15% |
| 14-Feb-25 | 1,516 | 1,640 | ACCUMULATE | Hold | 0 – 5% |
| 20-Nov-24 | 1,996 | 2,328 | BUY | Reduce | -5% – 0 |
| 09-Aug-24 | 2,222 | 2,569 | BUY | Sell | Less than – 5% |

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