

9th February 2023

CMP – ₹2,196.05/-

View – Buy

Q3FY23 Result Update

- During Q3FY23, the company reported steady revenue growth of 4% yoy & declined by 7% qoq to ₹586Cr v/s ₹565Cr in Q3FY22. Total volume stood at 28,147 MT for Q3FY23 v/s 27,589 MT in Q3FY22. This subdued growth reported on account of headwinds in pharma and API industries globally.
- EBITDA for Q3FY23 stood at ₹128cr v/s ₹159Cr declined by 19% yoy& 26% qoq, EBITDA margin declined by 600 bps to 22% v/s 28% in Q3FY22 and PAT margin also declined by 500 bps to 11% v/s 16% in Q3FY23. The fall in EBITDA and PAT margin was primarily due to degrowth in pharma and API sector and increase in RM cost.

Key highlights:

Update on Capex:

- The company will invest ₹400- ₹500Cr capex in phase 2 Greenfield projects, this project includes new product N-Butylamine (capacity of 15,000 tons) and will further add capacity in Acetonitrile (15,000 tons), Methylamine (40,000 tons), DMAHCL plant (12,000 tons)and DMF (30,000) plant. The company has also started construction for Methyl Amines plant which is expected to be commissioned during 2HFY24 and production of other plants will commence over next 2-3 years subject to clearances.
- Recently, the company received environmental clearance for N-Butylamines plant apart from other products which will be taken up immediately, as the detailed engineering is already completed and project is ready for execution.
- The company has started the commercial production of DMC/PC and PG at the end of September 2022. The management estimated that at the peak capacity utilization, this plant will generate revenue of ₹250-300Cr per year and also confident of achieving capacity utilization of 60-70% at DMC in 1st year of operation.
- These projects are expected to commence production between mid FY24 till end of FY25. Going ahead, BAL will be commissioning these projects over the next two years, it continues to explore opportunity within import substitution products and focus on expanding value added products in amine derivative and speciality products.
- Going ahead, the management said that the new commercial plants will start contributing to topline from coming quarters which will result in improvement in EBITDA margin ~24-26% from Q1FY24. It also provided revenue guidance of ₹2400-2500Cr for FY23, ₹2600-2800Cr for FY24 and targeting ₹4000Cr topline by FY25.

View

- Going ahead, we estimate that the company will report revenue/EBITDA/PAT growth of 10%/7%/9% CAGR over FY22-24E, this growth will be driven by higher capacity utilization across the plants, incremental volume from debottlenecked DMF plant, ethyl amine capacity ramp-up and higher BSC plant utilization and new capex completions. It will sustain EBITDA margins in the range of 25-26%.
- **At CMP ₹2196.05, the stock is trading at PE 16x EPS of ₹135, EV/EBITDA at 10x on FY24E. Considering attractive valuation, hence, we recommend investors to BUY the stock.**

Important Statistics

MCAP (₹ bn)	~₹71
52-Week H/L (₹)	3,844.00/2,152.00
NSE Code	BALAMINES
BSE Code	530999

Shareholding Pattern(%) Dec'22

Promoter Holding	53.7
FII	4.39
DII	0.37
Public & Others	41.53

Financials

(₹ cr)					
Particulars	FY20	FY21	FY22	FY23E	FY24E
Revenues	936	1,311	2,320	2,554	2,811
EBITDA	181	373	630	613	717
EBITDA Margin (%)	19%	28%	27%	24%	26%
NetProfit	90	238	368	370	437
EPS(₹)	27.82	73.52	113.71	114.25	134.82
RoE(%)	14%	27%	29%	23%	22%
RoCE(%)	17%	33%	42%	34%	31%
P/E(x)	79	30	19	19	16
EV/EBITDA(x)	40	19	11	12	10

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Consolidated Quarterly Financials

(₹ Cr)

Particulars	Q3Y23	Q3FY22	YoY %	Q2FY23	QoQ %	9MFY23	9MFY22	YoY%
Net sales	586	565	4%	628	-7%	1884	1541	22%
Total Income	586	565	4%	628	-7%	1884	1541	22%
COGS	339	287	18%	325	4%	983	786	25%
Employees cost	20	24	-18%	21	-8%	67	62	8%
Other expenses	100	96	4%	108	-7%	317	260	22%
Total Expenditure	458	406	13%	454	1%	1368	1108	23%
EBITDA	128	159	-19%	173	-26%	516	433	19%
EBITDA margins %	22%	28%		28%		27%	28%	
Depreciation	12	10	18%	11.01	12%	34.43	31.21	10%
EBIT/ Operating Profit	115	148	-22%	162	-29%	481	402	20%
Interest	3	5	-37%	3	-5%	9	12	-21%
Other income	3	1	169%	3	-12%	10	5	96%
PBT	115	145	-20%	162	-29%	482	395	22%
Provision for current tax	29	42	-30%	33	-11%	119	92	29%
Provision for Deferred Tax	2	1	134%	10	-82%	12	16	-23%
PAT	84	102	-18%	119	-29%	350	287	22%
Minority interest	-21	-12	76%	-26	-19%	-72	-27	164%
Reported PAT	63	90	-30%	93	-32%	278	260	7%
PAT margins %	11%	16%		15%		15%	17%	
EPS (Basic & diluted)	19.31	27.64	-30%	28.57	-32%	85.84	80.14	7%

Source: Company Filing, Way2wealth Research

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Consolidated Financials

	(₹ Cr)				
Particulars	FY20	FY21	FY22	FY23E	FY24E
Net sales	936	1311	2320	2554	2811
growth %		40%	77%	10%	10%
COGS	514	630	1223	1405	1518
Employees cost	34	68	92	102	127
Other expenses	207	240	376	434	450
Total Expenditure	755	938	1690	1941	2094
EBITDA	181	373	630	613	717
EBITDA margins %	19%	28%	27%	24%	26%
Depreciation	32	34	42	49	58
EBIT/ Operating Profit	149	339	588	564	659
Interest	23	18	17	12	15
Other income	5	6	7	15	10
PBT	131	327	578	567	654
Provision for current tax	36	80	140	147	163
Provision for Deffered Tax	-2	4	21		
PAT	97	244	418	419	490
Minority interest	-7	-5	-49	-49	-53
Reported PAT	90	238	368	370	437
PAT margins %	10%	18%	16%	14%	16%
EPS (Basic & dilluted)	27.82	73.52	113.71	114.25	134.82

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Disclosure of Interest Statement Balaji Amines Ltd. as on February 09th, 2023

Name of the Security	Balaji Amines Ltd.
Name of the analyst	Ashwini Sonawane
Analysts' ownership of any stock related to the information contained	NIL
Financial Interest	
Analyst :	No
Analyst's Relative : Yes / No	No
Analyst's Associate/Firm : Yes/No	No
Conflict of Interest	No
Receipt of Compensation	No
Way2Wealth ownership of any stock related to the information contained	NIL
Broking relationship with company covered	NIL
Investment Banking relationship with company covered	NIL

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