

25th May 2023

CMP – ₹2,162/-

View – Buy

Q4FY23 Result Update

➤ During Q4FY23, the revenue declined by 39% yoy & 20% qoq to ₹471Cr v/s ₹779Cr in Q4FY22. Total volume stood at 26,505 MT for Q4FY23 v/s 33780 MT in Q4FY22. This subdued growth reported on account of headwinds in pharma and API industries globally. EBITDA for Q4FY23 stood at ₹93Cr v/s ₹197Cr declined by 53% yoy & 27% qoq, EBITDA margin declined by 500 bps to 20% v/s 25% in Q4FY22 and PAT margin also declined by 400 bps to 10% v/s 14% in Q4FY23. 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 plan to undertake capex for new products in phase 2 Greenfield projects, this project includes new product N-Butylamine (capacity of 15,000 tons) which is expected to be commission by 2HFY24 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 commission by March 2024.
- The company plan to invest in Di Methyl Ether (DME) with a capacity of 1,00,000 TPA, It is new age of gas which has application in various fields such as replacement of LPG for fuel and Aerosol usage demand of which is being met by LPG so far from imports. The Company is working on various other application and usage for replacing LPG.
- The management alluded that the newly commenced plants such as DMC, PG, Ethylamines will start contributing to topline from coming quarters which will result in improvement in margin from Q1FY24.
- 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 expect to touch revenue guidance of ₹4000Cr topline by FY26.

Important Statistics

MCAP (₹ bn)	~₹70
52-Week H/L (₹)	3,844.00/1,880.00
NSE Code	BALAMINES
BSE Code	530999

Shareholding Pattern(%) Mar'23

Promoter Holding	53.70
FII	4.45
DII	0.34
Public & Others	41.51

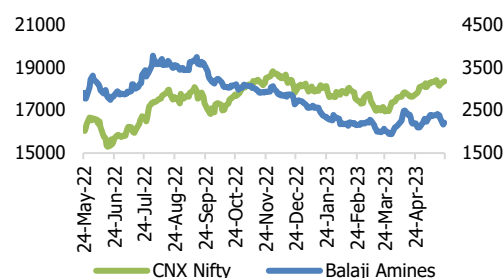
Financials

Particulars	₹ cr				
	FY21	FY22	FY23	FY24E	FY25E
Revenues	1,311	2,320	2,355	2,885	3,227
EBITDA	373	630	609	707	791
EBITDA Margin (%)	28%	27%	26%	25%	25%
Net Profit	238	368	326	433	544
EPS (₹)	73.52	113.71	100.48	133.77	167.99
RoE (%)	27%	29%	21%	22%	22%
RoCE (%)	33%	42%	33%	32%	29%
P/E (x)	30	19	22	16	13
EV/EBITDA(x)	19	11	12	10	9

Outlook

- Going ahead, we estimate that the company will report revenue/EBITDA/PAT growth of 17%/14%/29% CAGR over FY23-25E, 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 24-26%.
- **At CMP ₹2,162, the stock is trading at PE 13x EPS of ₹168, EV/EBITDA at 9x on FY25E. Considering attractive valuation, hence, we recommend investors to BUY the stock.**

Relative Performance



Source: Company, Way2Wealth

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Consolidated Quarterly Financials

Particulars	(₹ Cr)							
	Q4Y23	Q4FY22	YoY %	Q3FY23	QoQ %	FY23	FY22	YoY%
Net sales	471	779	-39%	586	-20%	2355	2320	1%
Total Income	471	779	-39%	586	-20%	2355	2320	1%
COGS	227	420	-46%	339	-33%	1261	1276	-1%
Employees cost	18	29	-39%	20	-8%	85	92	-7%
Other expenses	98	116	-15%	100	-2%	415	376	10%
Total Expenditure	378	582	-35%	458	-17%	1746	1690	3%
EBITDA	93	197	-53%	128	-27%	609	630	-3%
EBITDA margins %	20%	25%		22%		26%	27%	
Depreciation	11	11	3%	12	-10%	46	42	8%
EBIT/ Operating Profit	82	186	-56%	115	-29%	563	588	-4%
Interest	3	5	-51%	3	-14%	12	17	-30%
Other income	6	2	161%	3	118%	16	7	115%
PBT	85	183	-54%	115	-26%	567	578	-2%
Provision for current tax	28	48	-41%	29	-4%	147	140	5%
Provision for Deferred Tax	2	5	-67%	2	-18%	14	21	-33%
PAT	55	131	-58%	84	-34%	406	418	-3%
Minority interest	-8	-22	-65%	-21	-63%	-80	-49	62%
Reported PAT	47	109	-56%	63	-24%	326	368	-12%
PAT margins %	10%	14%		11%		14%	16%	
No. of Shares	3.24	3.24	0%	3.24	0%	3.24	3.24	0%
EPS (Basic & diluted)	14.64	33.56	-56%	19.31	-24%	100.48	113.71	-12%

Source: Company Filing, Way2wealth Research

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Consolidated Financials

(₹ Cr)					
Particulars	FY21	FY22	FY23	FY24E	FY25E
Net sales	1311	2320	2355	2885	3227
growth %	40%	77%	1%	22%	12%
COGS	630	1223	1261	1587	1775
Employees cost	68	92	85	130	145
Other expenses	240	376	415	462	516
Total Expenditure	938	1690	1746	2178	2437
EBITDA	373	630	609	707	791
EBITDA margins %	28%	27%	26%	25%	25%
Depreciation	34	42	46	58	60
EBIT/ Operating Profit	339	588	563	648	731
Interest	18	17	12	15	15
Other income	6	7	16	10	10
PBT	327	578	567	643	726
Provision for current tax	80	140	147	161	181
Provision for Deferred Tax	4	21	14		
PAT	244	418	406	483	544
Minority interest	-5	-49	-80	-49	0
Reported PAT	238	368	326	433	544
PAT margins %	18%	16%	14%	15%	17%
EPS (Basic & diluted)	73.52	113.71	100.48	133.77	167.99

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Disclosure of Interest Statement Balaji Amines Ltd. as on May 25th, 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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