

## Balaji Amines Ltd (BAL)

No. of shares (m)	32.4
Mkt cap (Rs/\$m)	11192/1400.9
Current price (Rs/\$)	3454/43.2
Price target (Rs/\$)	4542/56.9
52 W H/L (Rs.)	5224/2693
Book Value (Rs/\$)	418/5.2
Beta	1.2
Daily volume NSE (avg. monthly)	94910
P/BV (FY23e/24e)	6.7/5.1
EV/EBITDA(FY23e/24e)	13.7/11.4
P/E (FY23e/24e)	24.5/19.8
EPS growth (FY22/23e/24e)	54.7/24.0/23.9
OPM (FY22/23e/24e)	27.2/28.5/28.4
ROE (FY22/23e/24e)	34.9/31.6/29.3
ROCE (FY22/23e/24e)	35.6/33.9/30.8
D/E ratio (FY22/23e/24e)	0.1/0.0/0.0
BSE Code	530999
NSE Code	BALAMINES
Bloomberg	BLA IN
Reuters	BAMN.NS

## Shareholding pattern%

Promoters	53.7
MFs / Banks / FIs	0.2
Foreign Portfolio Investors	4.5
Govt. Holding	-
Public& Others	41.6
<b>Total</b>	<b>100.0</b>

As on 30.06.2022

## Recommendation

### BUY

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## Quarterly Highlights

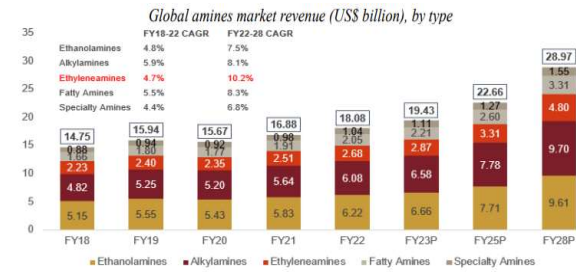
- Driven by improved volume offtake on account of enhanced capacity utilization of DMF and new ethylamines plant in Q1FY23, Balaji Amines revenues grew by a pleasing 48.7% to Rs. 670.17 crs as against Rs. 450.68 crs in the corresponding period of the previous year. Overall volumes, on the other hand, grew by some 7% to 27,358 mt, though this barely unveils underlying trends not least due to changing product mix. However, moderation in raw material prices presumably explains the drop of almost 14% sequentially in top-line.
- Operating profits grew apace the top-line exhibiting a growth of 51.7% in Q1FY23 not least due to no unremarkable turnaround in fortunes of Balaji Specialty Chemicals whose margins have soared due to supply disruptions globally and continuing healthier price realizations across most of the products. Consequently, OPMs during the quarter surged to a record 32.1%, improving by some 60 bps year-over-year (growth of over 700 bps sequentially).
- Balaji Specialty delivered a stellar Q1FY23 performance raking in record sales of Rs. 224 crs when compared to some Rs. 79 crs in Q1FY22 largely driven by higher realizations in EDA and robust demand from end-user industries. Overall volume-offtake stood at 4932 mt as against 3624 mt in the same quarter last year. Constraints in availability of key raw materials had earlier deterred the company from operating the subsidiary plant at full capacity with utilization at 56% in FY22. However, easing of such supply bottlenecks seen in the previous quarter would aid the subsidiary in operating the plant at higher utilizations in the current fiscal.
- The stock currently trades at 24.5x FY23e EPS of Rs. 140.94 and 19.8x FY24e EPS of Rs. 174.69. Factoring in some stagnation in pharma demand amidst fears of recession in advanced economies, we have cut our FY23 EPS estimates by 6.4%. However, diversification of its product portfolio has helped in averting friction from demand disruptions to raw material availability to fire in DMF plant. Growth in the current fiscal would be primarily on account of ramp-up in utilization of EDA ethylamines, and capacity additions from the new DMC plant. Balaji's process specialization in amines and increasing integration of its products lends no small competitive advantage. Balancing odds, we retain our 'buy' rating on the stock with a revised target of Rs. 4542 (previous target: Rs 3916) based on 26x FY24 earnings.

Consolidated (Rs crs)	FY20	FY21	FY22	FY23e	FY24e
Income from operations	935.77	1311.46	2320.35	2812.08	3339.68
Other Income	5.01	6.07	7.25	17.85	37.57
EBITDA (other income included)	185.76	379.30	637.39	819.04	986.08
PAT after EO	104.76	238.05	368.34	456.66	566.01
EPS(Rs)	32.33	73.47	113.68	140.94	174.69
EPS growth (%)	-10.9	127.2	54.7	24.0	23.9

## Outlook & Recommendation

### Global Amines Market

As per Verified Market Research, the global amines market which was valued at \$18.8 billion in 2021 is estimated to reach \$28.8 billion by 2030, growing at a CAGR of 5.3%. Much of the growth, this report contends, would be driven by growing usage in areas of crop protection, water & gas treatment, personal hygiene and care products, and pharmaceuticals & healthcare. The growing need for crop protection and high yield crops in order to satisfy rising hunger due to the increasing population is expected to foster market growth of amines. Increasing consumer expenditure on luxury and lifestyle goods at a global level would catalyze growth in the personal care sector, further propelling the consumption of amines in cosmetics, hair care, and other care products.



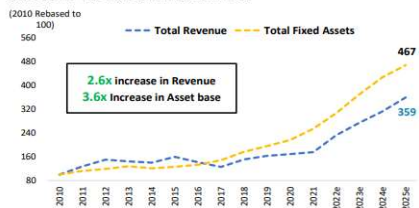
Growing at a CAGR of 9.6% as per the estimates of Technavio, Asia-Pacific region is expected to lead the amines market adding \$4.69 billion from 2021 to 2026. China, the leader in this space, is facing headwinds in recent times owing to stringent environment regulations and the more recent pandemic, apart from spiraling costs. This crackdown by Chinese authorities on its domestic manufacturers has created a disruptive discrepancy between demand and supply. On the other hand, India is witnessing demand recovery in its end-user segments that has prompted Indian pharma and agrochemical companies to depend on local Indian suppliers. This coupled with global trade tensions and creeping labour costs in China is impelling global chemical players to look for diversification away from China and consider India as a preferred nation, thereby adding to the export revenue of the Indian amine industry.

### Indian Specialty Chemicals Industry

As per Morgan Stanley, demand for specialty chemicals, which constitute 22% of the total chemicals and petrochemicals market in India, is expected to rise at faster rate than the overall sector. As a result, investments across the chemical value chain are set for a significant leg-up as domestic manufacturers ramp-up their capacity expansion plans. Morgan Stanley estimates investments totaling \$107 billion in the Indian chemicals and petrochemicals sector through 2025. Beyond the 'China plus one' opportunity within agrochemical and pharmaceutical manufacturing, tailwinds from the imminent investments in e-mobility, batteries, and renewables have further expanded the total addressable market that have to be catered to. Larger chemical companies that have well-established commodity chemicals infrastructure are moving further downstream to produce value-added intermediates. At the same time, specialty chemicals companies are doubling down on investments as they seek to launch more value added products and introduce advanced chemistries to leverage robust demand trends across conventional verticals as well as evolving end markets.

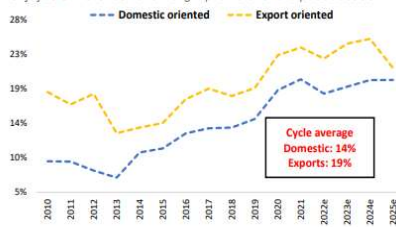
Currently, the industry is confronting with sharp rise in input costs, including fuel cost, and facing sourcing challenges from China. However, it is largely observed that major domestic players have been able to pass on these increases to their customers with some lag, and they are pretty confident of no major disruption in margins. But, the fears of recession in developed economies remain a major uncertainty keeping global market on the edge given the geopolitical developments and related supply-side challenges.

**Exhibit 12:** An ongoing evolution: The specialty revenue base has expanded 2.6x, while the asset base has risen ~3.6x over the past decade for the India chemical universe



Source: Refinitiv, company data, Morgan Stanley Research. e=Morgan Stanley research estimates for covered companies, refinitiv estimates for others

**Exhibit 20:** Incumbents with greater export exposure have enjoyed a more resilient margin profile over the past decade



Source: Refinitiv, company data, Morgan Stanley Research estimates

Source: Morgan Stanley Research

Source: Morgan Stanley Research

The Indian government has also been directing more efforts to encourage the growth of the sector. In fact, in the previous budget sessions, the government has progressively raised custom duties across various products, thereby increasing the import substitution potential. Pro-activeness in imposing anti-dumping duties on products as seemed fit, encouraging the industry to set up manufacturing units in SEZs that enjoy significant tax and import benefits, and allowing of 100% FDI under the automatic route in the chemical sector are various steps that has been welcomed by industry experts.

## Financials & Valuation

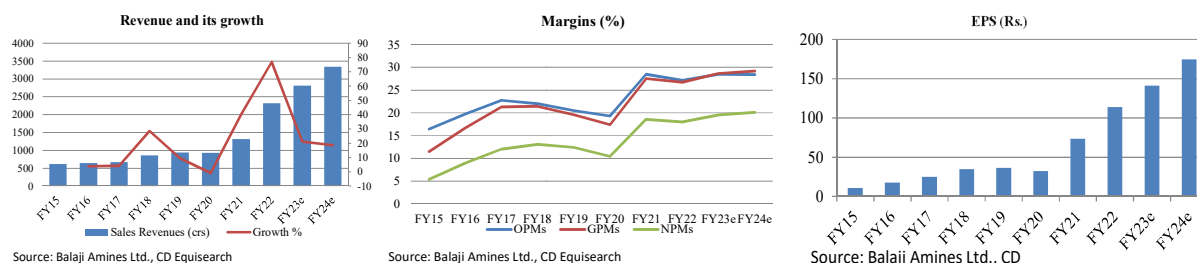
Having already witnessed substantial uptick in volume-offtake of its specialty chemicals in the past couple of years on the back of 'China Plus One' strategy and substantial capital expenditure by end-user pharmaceutical and agro-based companies, Balaji Amines has gradually ramped up capacity utilization of its existing products (DMF and acetonitrile through debottlenecking and new ethylamines plant) and planned new products. As part of phase 1 of its 90-acre greenfield project, the new DMC plant is expected to commence operations soon. This plant with an annual capacity to manufacture about 15,000 tons of DMC will also result in annual production capacity of 15,000 tons of Propylene Glycol and could generate annual revenues of Rs. 250-300 crs at peak capacity utilization. With a major advantage in substituting imports, the prospect of DMC seems appealing on the back of various government incentives for manufacturing of polycarbonate and lithium batteries being at play. Moreover, along with encouraging scope for exporting DMC to international markets, another related product N-Methyl Pyrrolidone (NMP) - that is also used for the battery manufacturing could also pick-up on account of combined synergies associated.

The company is planning to begin expansion for installation of various plants at capex of Rs. 300-350 crs which is likely to commence production between mid FY24 and the end of FY25. First of the lot would be setting up of a plant for manufacturing a new product, N-Butylamine, having annual capacity of 15000 tons and likely to be used as an ingredient in the manufacturing of, pharmaceuticals, APIs, pesticides and emulsifier. This product would provide the company with an advantage to substitute imports as the current domestic demand of about 8000 tons is met by imports. Another plan would be to undertake capex for manufacturing acetonitrile using a different upgraded technology that would address the problem of high acetic acid prices and provide the company with a competitive cost advantage.

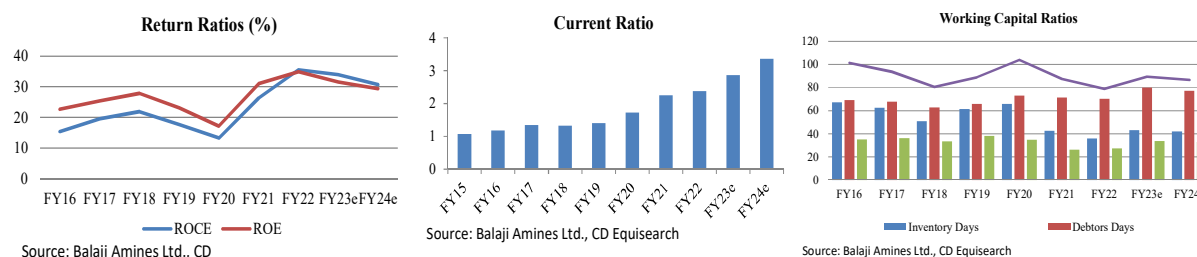
Being a market leader in the production of methylamines in India, the company is planning to set up a separate plant for methylamines with annual capacity of 40,000 tons under its phase-2 expansion to meet their increasing captive requirements for manufacturing of related value-added products. Finally apprehending the current market scenario of API and pharmaceutical industry, BAL is planning to set up a separate DMF plant with an annual capacity of 30,000 tons to address the market demand. Annual demand for DMF in the domestic markets is currently growing in the range of 7-10% and reduced imports are significantly benefitting the company with higher capacity utilization. Though this venture into newer products and expansion of existing capacities lays ahead a pathway for the company to maintain its current growth momentum, but a lot would depend on timely commissioning of these projects and cost overruns.

# CD Euisearch Pvt Ltd

The subsidiary company, Balaji Specialty Chemicals, reported revenues Rs. 514.28 crs in FY22, almost 3x growth when compared to Rs. 174.40 crs in FY21. High demand and scarce availability of the products associated with subsidiary has prodded the management to plan capacity expansions in subsidiary plants as well, the details of which could be announced in the coming quarters. According to a Crisil report, the global market for BSC's product portfolio of Ethylenediamine, Piperazine, Diethylenetriamine, Amino Ethyl Ethanol Amines and Amino Ethyl Piperazine is expected to grow from 1,078 kt in FY22 (valued at \$2.2 billion) to 1,570 kt in FY28 (\$3.3-3.4 billion expected), growing at a CAGR of 6.5%. Sensing the positive outlook, BSC has filed its DRHP with SEBI to raise ₹250 crore through an initial public offering, which it plans to use for repaying certain outstanding borrowings, funding working capital requirements and general corporate purposes.



In the current environment where majority specialty chemical players are facing immense margin pressures due to rising input prices and other utility costs, Balaji overcame the crisis on the back of its higher operating leverage due to improved capacity utilization at its DMF and ethylamines plants and in its subsidiary. Although, ability to pass on high raw material prices has been hindered across the chemical industry, Balaji has demonstrated superior pricing power in the past quarters compared to its peers not least due to bulk sourcing of materials and unprecedented demand in the products of subsidiary. A favourable environment and increased sales velocity from its subsidiary should uplift its overall revenues by 21.2% this fiscal and by 18.8% in FY24. Higher utilization of available capacities at its DMF and ethylamines, coupled with high realization of subsidiary products would help the company maintain its elevated ROEs.



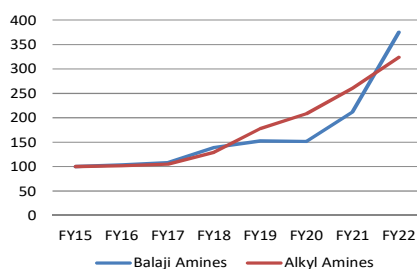
The stock currently trades at 24.5x FY23e EPS of Rs. 140.94 and 19.8x FY24e EPS of Rs. 174.69. Earnings this fiscal is expected to grow by 24.0% and by 23.9% in FY24. Though increased volatility in crude oil prices and its dreadful impact on petrochemical prices have no small effect, Balaji's substantial unutilized capacities of existing products (DMF, DMC, EDA), product integration and process specialization in amines manufacturing would undoubtedly aid business scaling (not to ignore the repeat purchase nature of chemicals). Much of the company's business growth rest on operating efficiencies and increased offtake of its existing products and not necessarily on new product launches (as for chemical industry stabilization in processes of new products is no small task). Yet, lasting moderation in demand from end-user pharmaceutical industry could undermine progress. Weighing odds, we retain our 'buy' rating on the stock with a revise target of Rs. 4542 (previous target: Rs 3916) based on 26x FY24 earnings. For more info refer to our February report.

## Cross Sectional Analysis

Company	Equity*	CMP	MCAP*	Sales*	Profit*	OPM (%)	NPM (%)	IntCov	ROE (%)	Mcap/Sales	P/BV	P/E
Balaji Amines	6	3454	11192	2540	401	27.7	18.4	38.5	34.5	4.4	8.3	27.9
Alkyl Amines	10	2982	15236	1624	229	20.5	14.1	87.0	24.6	9.4	14.9	66.6

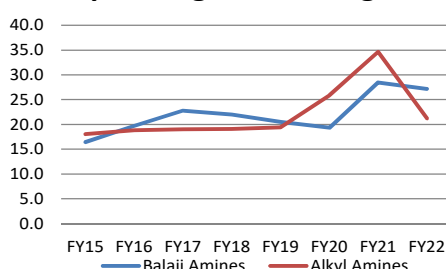
Largely driven by inflationary trend, Q1FY23 revenues of Alkyl Amines grew by 20.8% year-over-year to Rs. 473.48 crs. On the other hand, operating profits during the quarter witnessed not-so-robust growth of 4.4% to Rs 115.83 crs as against Rs. 110.93 crs in Q1FY22. Reduced volatility in prices of key raw materials, including acetic acid, during the quarter has resulted in sequential margin improvement by over 700 bps to 24.5%. Consequently, gradual passing on of high input prices helped the company to clock in earnings of Rs. 81.88 crs, a growth of 4.2% over corresponding quarter of the prior year. As part of its expansion activities, the company is in the process of setting up a new amines plant at Kurkumbh, which is expected to be commissioned by March 2023.

### Indexed Sales



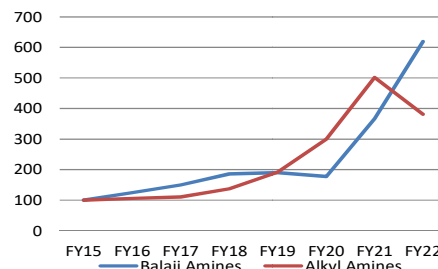
Source: CD Euisearch, Companies

### Operating Profit Margin



Source: CD Euisearch, Companies

### Indexed Operating Profit



Source: CD Euisearch, Companies

## Financials

### Consolidated Quarterly Results

Figures in Rs crs

	Q1FY23	Q1FY22	% chg.	FY22	FY21	% chg.
<b>Income From Operations</b>	<b>670.17</b>	<b>450.68</b>	<b>48.7</b>	<b>2320.35</b>	<b>1311.46</b>	<b>76.9</b>
Other Income	4.69	2.67	75.3	7.25	6.07	19.3
<b>Total Income</b>	<b>674.86</b>	<b>453.35</b>	<b>48.9</b>	<b>2327.60</b>	<b>1317.53</b>	<b>76.7</b>
Total Expenditure	455.38	309.06	47.3	1690.20	938.23	80.1
<b>EBITDA (other income included)</b>	<b>219.48</b>	<b>144.29</b>	<b>52.1</b>	<b>637.39</b>	<b>379.30</b>	<b>68.0</b>
Interest	3.42	3.14	9.0	17.10	18.29	-6.5
Depreciation	11.08	9.67	14.5	42.00	34.41	22.1
<b>PBT</b>	<b>204.98</b>	<b>131.48</b>	<b>55.9</b>	<b>578.29</b>	<b>326.60</b>	<b>77.1</b>
Tax	56.94	34.09	67.1	160.39	83.10	93.0
<b>PAT</b>	<b>148.04</b>	<b>97.40</b>	<b>52.0</b>	<b>417.90</b>	<b>243.50</b>	<b>71.6</b>
Minority Interest	25.07	7.01	257.6	49.48	5.30	833.1
<b>PAT after Minority Interest</b>	<b>122.97</b>	<b>90.38</b>	<b>36.1</b>	<b>368.42</b>	<b>238.19</b>	<b>54.7</b>
EO	-	-	-	0.08	0.14	-
<b>Adjusted Net Profit</b>	<b>122.97</b>	<b>90.38</b>	<b>36.1</b>	<b>368.34</b>	<b>238.05</b>	<b>54.7</b>
EPS(Rs)	37.95	27.90	36.1	113.68	73.47	54.7

### Segment Results

Figures in Rs crs

	Q1FY23	Q1FY22	% chg.	FY22	FY21	% chg.
<b>Segment Revenue</b>						
Amines &Speciality Chemicals	733.82	471.82	55.5	2417.80	1401.01	72.6
Hotel Division	6.19	1.42	336.9	16.20	7.20	125.0
CFL lamps & Capsules	0.00	0.71	-100.0	0.71	0.61	17.1
Unallocated	0.46	0.39	19.6	-	-	-
Inter segmental elimination	65.61	20.98	212.7	114.36	97.37	17.5
<b>Income From Operations*</b>	<b>674.86</b>	<b>453.35</b>	<b>48.9</b>	<b>2320.35</b>	<b>1311.46</b>	<b>76.9</b>
<b>Segment EBIT</b>						
Amines &Speciality Chemicals	206.44	134.90	53.0	594.52	366.26	62.3
Hotel Division	1.53	-0.60	-	1.11	-3.03	-
CFL lamps & Capsules	-0.04	-0.07	-	-0.25	-18.34	-
Unallocated	0.46	0.38	20.6	-	-	-
<b>Total</b>	<b>208.40</b>	<b>134.62</b>	<b>54.8</b>	<b>595.39</b>	<b>344.89</b>	<b>72.6</b>
<b>Interest</b>						
Amines &Speciality Chemicals	3.37	3.13	7.9	17.00	18.24	-6.8
Hotel Division	0.04	0.01	374.2	0.10	0.05	95.5
CFL lamps & Capsules	-	-	-	0.00	0.00	-
<b>Total</b>	<b>3.42</b>	<b>3.14</b>	<b>9.0</b>	<b>17.10</b>	<b>18.29</b>	<b>-6.5</b>
<b>PBT</b>						
Amines &Speciality Chemicals	203.06	131.77	54.1	577.52	348.02	65.9
Hotel Division	1.49	-0.61	-	1.02	-3.08	-
CFL lamps & Capsules	-0.04	-0.07	-	-0.25	-18.34	-
Unallocated	0.46	0.38	20.6	-	-	-
<b>Total</b>	<b>204.98</b>	<b>131.48</b>	<b>55.9</b>	<b>578.29</b>	<b>326.60</b>	<b>77.1</b>

\*Note: includes other income for quarterly results

## Consolidated Income Statement

Figures in Rs crs

	FY20	FY21	FY22	FY23e	FY24e
<b>Income From Operations</b>	<b>935.77</b>	<b>1311.46</b>	<b>2320.35</b>	<b>2812.08</b>	<b>3339.68</b>
Growth (%)	-0.8	40.1	76.9	21.2	18.8
Other Income	5.01	6.07	7.25	17.85	37.57
<b>Total Income</b>	<b>940.79</b>	<b>1317.53</b>	<b>2327.60</b>	<b>2829.93</b>	<b>3377.24</b>
Total Expenditure	755.02	938.23	1690.20	2010.88	2391.16
<b>EBITDA (other income included)</b>	<b>185.76</b>	<b>379.30</b>	<b>637.39</b>	<b>819.04</b>	<b>986.08</b>
Interest	23.03	18.29	17.10	13.61	11.81
Depreciation	31.62	34.41	42.00	47.71	55.29
<b>PBT</b>	<b>131.10</b>	<b>326.60</b>	<b>578.29</b>	<b>757.72</b>	<b>918.98</b>
Tax	33.63	83.10	160.39	208.37	248.13
<b>PAT</b>	<b>97.47</b>	<b>243.50</b>	<b>417.90</b>	<b>549.35</b>	<b>670.86</b>
Minority Interest	-7.33	5.30	49.48	92.69	104.84
<b>PAT after Minority Interest</b>	<b>104.80</b>	<b>238.19</b>	<b>368.42</b>	<b>456.66</b>	<b>566.01</b>
EO	0.04	0.14	0.08	-	-
<b>Adjusted Net Profit</b>	<b>104.76</b>	<b>238.05</b>	<b>368.34</b>	<b>456.66</b>	<b>566.01</b>
EPS (Rs)	32.33	73.47	113.68	140.94	174.69

## Segment Results

Figures in Rs crs

	FY20	FY21	FY22
<b>Segment Revenue</b>			
Amines &Speciality Chemicals	952.72	1401.01	2417.80
Hotel Division	20.37	7.20	16.20
CFL lamps & Capsules	0.00	0.61	0.71
Inter segmental elimination	37.32	97.37	114.36
<b>Income From Operations</b>	<b>935.77</b>	<b>1311.46</b>	<b>2320.35</b>
<b>Segment EBIT</b>			
Amines &Speciality Chemicals	156.06	366.26	594.52
Hotel Division	-0.33	-3.03	1.11
CFL lamps & Capsules	-1.59	-18.34	-0.25
<b>Total</b>	<b>154.14</b>	<b>344.89</b>	<b>595.39</b>
<b>Interest</b>			
Amines &Speciality Chemicals	22.88	18.24	17.00
Hotel Division	0.16	0.05	0.10
CFL lamps & Capsules	0.00	0.00	0.00
<b>Total</b>	<b>23.03</b>	<b>18.29</b>	<b>17.10</b>
<b>PBT</b>			
Amines &Speciality Chemicals	133.19	348.02	577.52
Hotel Division	-0.49	-3.08	1.02
CFL lamps & Capsules	-1.59	-18.34	-0.25
<b>Total</b>	<b>131.10</b>	<b>326.60</b>	<b>578.29</b>

## Consolidated Balance Sheet

Figures in Rs crs

	FY20	FY21	FY22	FY23e	FY24e
<b>Sources of Funds</b>					
Share Capital	6.48	6.48	6.48	6.48	6.48
Reserves	651.66	887.91	1243.37	1680.58	2220.68
<b>Total Shareholders' Funds</b>	<b>658.14</b>	<b>894.39</b>	<b>1249.85</b>	<b>1687.06</b>	<b>2227.16</b>
Minority Interest	10.23	15.53	65.01	157.71	262.55
Long Term Debt	119.91	88.85	57.57	30.57	0.00
<b>Total Liabilities</b>	<b>788.28</b>	<b>998.77</b>	<b>1372.44</b>	<b>1875.34</b>	<b>2489.71</b>
<b>Application of Funds</b>					
Gross Block	786.40	789.57	969.23	1135.17	1285.17
Less: Accumulated Depreciation	213.40	246.66	288.05	335.76	391.06
<b>Net Block</b>	<b>573.00</b>	<b>542.92</b>	<b>681.18</b>	<b>799.40</b>	<b>894.11</b>
Capital Work in Progress	46.27	173.28	140.94	125.00	150.00
Investments	47.50	0.00	0.00	0.00	0.00
<b>Current Assets, Loans &amp; Advances</b>					
Inventory	108.81	109.94	222.36	253.09	300.57
Trade receivables	207.44	305.66	588.15	646.78	768.13
Cash and Bank	8.81	19.64	51.56	403.54	779.09
Short term loans (inc. OCA)	88.05	141.84	180.00	249.17	304.42
<b>Total CA</b>	<b>413.11</b>	<b>577.08</b>	<b>1042.07</b>	<b>1552.58</b>	<b>2152.20</b>
Current Liabilities	243.28	202.79	362.57	450.51	532.97
Provisions-Short term	21.06	40.02	55.44	66.14	78.86
<b>Total Current Liabilities</b>	<b>264.34</b>	<b>242.81</b>	<b>418.01</b>	<b>516.65</b>	<b>611.84</b>
Net Current Assets	148.77	334.27	624.06	1035.93	1540.37
Net Deferred Tax Liability	-43.73	-47.24	-67.75	-79.46	-89.96
Net long term assets ( net of liabilities)	16.47	-4.46	-5.99	-5.52	-4.81
<b>Total Assets</b>	<b>788.28</b>	<b>998.77</b>	<b>1372.44</b>	<b>1875.34</b>	<b>2489.71</b>



## Key Financial Ratios

	FY20	FY21	FY22	FY23e	FY24e
<b>Growth Ratios (%)</b>					
Revenue	-0.8	40.1	76.9	21.2	18.8
EBITDA	-6.0	104.1	68.1	28.5	20.4
Net Profit	-10.9	127.2	54.7	24.0	23.9
EPS	-10.9	127.2	54.7	24.0	23.9
<b>Margins (%)</b>					
Operating Profit Margin	19.3	28.5	27.2	28.5	28.4
Gross profit Margin	17.4	27.5	26.7	28.6	29.2
Net Profit Margin	10.4	18.6	18.0	19.5	20.1
<b>Return (%)</b>					
ROCE	13.2	26.3	35.6	33.9	30.8
ROE	17.2	31.0	34.9	31.6	29.3
<b>Valuations</b>					
Market Cap/ Sales	0.9	4.3	4.1	4.0	3.4
EV/EBITDA	5.5	15.3	14.8	13.7	11.4
P/E	7.8	23.9	25.6	24.5	19.8
P/BV	1.2	6.5	7.7	6.7	5.1
<b>Other Ratios</b>					
Interest Coverage	6.7	18.8	34.8	56.7	78.8
Debt Equity	0.4	0.1	0.1	0.0	0.0
Net Debt-Equity Ratio	0.3	0.1	0.0	-0.2	-0.3
Current Ratio	1.7	2.3	2.4	2.9	3.4
<b>Turnover Ratios</b>					
Fixed Asset Turnover	2.1	2.4	3.8	3.8	3.9
Total Asset Turnover	1.3	1.5	2.0	1.8	1.5
Inventory Turnover	5.6	8.6	10.2	8.5	8.6
Debtors Turnover	5.0	5.1	5.2	4.6	4.7
Creditor Turnover	10.5	13.8	13.3	10.8	11.1
<b>WC Ratios</b>					
Inventory Days	65.7	42.5	35.9	43.1	42.3
Debtor Days	73.1	71.4	70.3	80.1	77.3
Creditor Days	34.9	26.5	27.3	33.9	32.9
Cash Conversion Cycle	103.9	87.5	78.8	89.4	86.7

## Cumulative Financial Data

Figures in Rs. crs	FY16-18	FY19-21	FY22-24e
Income from operations	2175	3190	8472
Operating profit	469	747	2380
EBIT	420	677	2297
PBT	376	623	2255
PAT	251	460	1391
Dividends	27	36	75
OPM (%)	21.6	23.4	28.1
NPM (%)	11.5	14.4	19.3
Interest coverage	9.5	12.5	54.0
ROE (%)	24.4	22.9	30.1
ROCE (%)	16.8	20.1	31.4
Debt-Equity*	0.3	0.1	0.0
Fixed asset turnover	2.2	2.5	3.9
Debtors turnover	5.0	4.4	5.3
Inventory turnover	5.6	8.2	9.9
Creditors turnover	9.5	11.0	13.1
Debtor days	73.5	82.1	69.4
Inventory days	64.7	44.6	36.9
Creditor days	38.3	33.3	27.9
Cash conversion	99.9	93.4	78.4
Dividend payout ratio (%)	10.5	7.8	5.4

FY16-18 implies three year period ending fiscal 18; \*as on terminal year

Driven by higher utilization at Balaji Specialty Chemicals, DMF, ethylamines and DMC and its related products, Balaji Amines could witness its cumulative revenues in FY22-24e period grow by 166% to Rs. 8472 crs as against Rs. 3190 crs in the preceding three year period, though improved offtake in its legacy products would also have a role to play. Despite increased volatility in raw material prices, operating efficiencies arising from integration (DMF/EDA) and bulk sourcing would aid margin expansion - OPM projected to rise to 28.1% from 23.4% in FY19-21 period. Yet lasting slowdown in API/pharma industry could subdue benefits from scale of value added products.

Higher asset utilization and the resulting record profits would propel return on capital during FY22-24 period (ROE projected at 30.1% vs. 22.9%). Despite distinct fall in financial leverage - interest coverage ratio estimated to jump to 54.0 from 12.5 in FY19-21 period. Fixed asset turnover ratio is projected to surge to 3.9x from 2.5x for FY19-21 period - all thanks to ramp up in asset utilization. Some fall in debtor and inventory days would lead to improvement in cash conversion cycle (see table).

## Financial Summary- US Dollar denominated

million \$	FY20	FY21	FY22	FY23e	FY24e
Equity capital	0.9	0.9	0.9	0.8	0.8
Shareholders' funds	87.0	119.9	162.3	207.9	275.1
Total debt	34.5	17.3	13.3	10.3	7.0
Net fixed assets (incl. CWIP)	82.1	97.4	108.4	115.7	130.7
Investments	6.3	0.0	0.0	0.0	0.0
Net current assets	19.5	43.7	79.8	126.4	189.2
Total assets	104.3	134.1	178.5	231.5	308.0
Revenues	132.0	176.7	311.4	352.0	418.0
EBITDA	26.2	51.1	85.5	102.5	123.4
EBDT	23.0	48.6	83.2	100.8	122.0
PBT	18.5	44.0	77.6	94.8	115.0
PAT	14.8	32.1	49.4	57.2	70.8
EPS(\$)	0.46	0.99	1.53	1.76	2.19
Book value (\$)	2.69	3.70	5.01	6.42	8.49

Income statement figures translated at average rates; balance sheet at year end rates; projections at current rates (Rs 79.89/\$). All dollar denominated figures are adjusted for extraordinary items.



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buy: >20%    accumulate: >10% to ≤20%    hold: ≥-10% to ≤10%    reduce: ≥-20% to <-10%    sell: <-20%

Exchange Rates Used- Indicative

Rs/\$	FY19	FY20	FY21	FY22
Average	69.89	70.88	74.20	74.51
Year end	69.17	75.39	73.50	75.81

All \$ values mentioned in the write-up translated at the average rate of the respective quarter/ year as applicable. Projections converted at current exchange rate. Cumulative dollar figure is the sum of respective yearly dollar value.