Balaji Amines Ltd (BAL)

Major capex nearing completion, Growth looks good, Niche business model

We visited the Balaji Amines plant at Solapur (Maharashtra). We were accompanied by Plant head & Finance head. Incorporated in 1988, BAL is India's largest producer of aliphatic amines. It specializes in the manufacture of methyl amines, ethyl amines and derivatives of amines. The company boasts a manufacturing capacity of consolidated 337,330 MTPA with a customer base comprising 65 international and 1,500 domestic clients as of FY26. Notably, it is the only company to have developed indigenous technology for amines production and operates facilities with zero liquid discharge. Furthermore, its manufacturing units are equipped with the latest Distributed Control System DCS) technology, ensuring efficiency and quality in production. The company has 4 manufacturing facilities, three plants at MIDC Solapur and one at Medak, Telangana.

We visited Unit 1 (Balaji Speciality which constitutes EDA, PIP, TETA, AEEA, DETA etc), Unit 2 (New cyanide based which constitutes sodium cyanide, hydrogen cyanide, EDTA etc), Unit 3 (Balaji Amines base business which constitutes Methyl amines, NMP, PVP-30, DMF, DMA-HCL, Acetonitrile etc) & Unit 4 (New businesses like DMC, DME, N-butyl amines etc). Out of all the units, the largest space available is in Unit 2 which is of 78 acre is only ~30% utilized & 70% still has vacant land for further expansion. Unit 1 which is of 11 acres has 20% vacant land still available. Unit 3 is of 40 acre & after ACN expansion no vacant land available. Most units are completely automated requiring very less manual intervention. The company has overall exports of ~13% in international market & remaining ~87% in domestic markets.

The base RM to make amines is Methanol & Ammonia. Each unit has different storage of RM available in house. Methanol is largely imported from Middle East, China etc & with US Iran war related disruptions major sourcing is from China & other countries currently. Ammonia is procured from domestic market itself. The company keeps sufficient stocks of RM in house to avoid any major disruptions.

Acetonitrile (ACN) expansion of 2x the base capacity on track to come by mid of FY27E: The capacity expansion of ACN is slated to come by mid of fiscal year 2027E. The company's will be adding 9KT on the similar facility itself of earlier ACN plant of 9KT. The new acetonitrile plant comes with a new improved technology which benefits the company by lowering cost. The project has been delayed for quite a few years & now it will commercialize as majority of the work at the site has been completed. Also, the company can further increase the capacity to 30-40% after doubling which increases visibility of longer-term volume growth. The prices of Acetonitrile have declined after April highs post Iran war by ~20%. Since, there are no other players of ACN in the country, the company will continue to focus on import substitution.

DMC plant commissioning will diversify the company's end user industries: The company's Dimethyl Carbonate (DMC)/Propylene Glycol plant commissioning under Phase-I of Greenfield Unit-IV expansion is expected to be operational in the next 1-2 months. The capacity of the plant is 15KT. Currently, the domestic DMC demand is nearly 9-10KT, which is largely fulfilled through import substitution. Setting up the first DMC capacity of this size domestically will enable import substitution opportunity and export additional volumes. The raw material of DMC is propylene oxide & company has 750MT storage tanks of 10-20 days stock to store in this RM. The applications of DMC are quite niche with usage in Lithium batteries. The company expects Rs3-4bn on full ramp up of DMC/Propylene Glycol. The customers of the company are Amara Raja, Exide etc.

Expansion in DME, need of the hour, a game changer project: The operationalization of the DME plant of 100KT is a structural pivot for Balaji Amines. By being the first mover in a market with massive potential for LPG blending & supporting end user industries, the company is not just expanding capacity but creating a new category in India's fuel ecosystem. This reduces cyclicality associated with traditional amines and leverages captive raw materials for higher-margin downstream products. The basic raw material to make DME is Methanol & some additives. The plant was ready on the site with full integration done. Current utilization is about 15-20% & will increase meaningfully in the coming 2 years. The company is awaiting approvals from the govt to fill DME in LPG tanks so they can transport it to the customers. Initially, the company will target the aerosol segment as DME is used as a propellent in Aerosol products, the demand of Aerosol segments is 40-50KT in India & Balaji has got 6-7 enquiries for DME from Aerosol industries. Total demand for DME is 200KT.

Balaji Speciality new cyanides expansion will drive growth: The greenfield project to manufacture Hydrogen Cyanide (HCN), Sodium Cyanide (NaCN) 30% (Solution), Sodium Cyanide (NaCN) 100% (Solid), Ethylene Diamine Tetra Acetic Acid (EDTA)/(EDTA2Na), is under execution and will be commissioned by December 2026. The capex earmarked is Rs4.5bn. Major blocks of commissioning has been completed. This unit boast a separate ZLD, power plant & required EC is in place. Under Phase-II Phenylacetic Acid (PAA) and Tri Ethyl Ortho Formate (TEOF) plants will be taken up. The capex earmarked is Rs3bn. This will be done at a later stage post Phase 1 commissioning.

Current Price: 2045	Ratings: NR

|Market data

Bloomberg:	BLA:IN
52-week H/L (Rs):	2190/905
Mcap (Rs bn/USD bn):	69.0/0.7
Shares outstanding (mn):	32.4
Free float:	45.4%
Daily vol. (3M Avg.):	0.4mn
Face Value (Rs):	2

|Shareholding pattern (%)

	Mar-26	Dec-25	Sep-25	Jun-25
Promoter	54.6	54.6	54.6	54.6
FIIs	3.0	3.3	4.5	5.0
DIIs	1.5	1.5	1.5	1.5
Public/others	40.9	40.6	39.4	38.9

|Pro. Pledging

Pledging	17.7	17.7	0.0	0.0

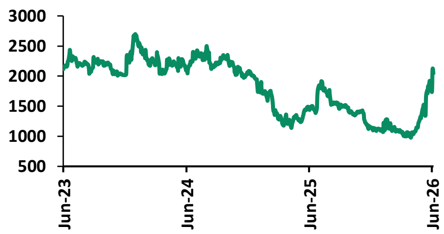
Source: BSE

|Price performance (%) *

	1M	3M	12M	36M
NIFTY 50	-4.3	-5.4	-7.5	24.1
NIFTY 500	-3.7	-1.0	-3.9	39.8
Balaji	41.5	101.6	42.1	-3.4

*as on 8th Jun'26; Source: AceEquity, SMIFS Research

|3 Year Price Performance Chart



Source: NSE

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Y/E Mar (Rs mn)	Revenue	YoY (%)	EBITDA	EBITDA (%)	Adj PAT	YoY (%)	Adj EPS	RoE (%)	RoCE (%)	Adj P/E (x)	EV/EBITDA (x)
FY22	23,229	*77.1*	6,227	*26.8*	3,684	*54.7*	*113.7*	*33.1*	*35.5*	28.1	16.7
FY23	23,554	*1.4*	6,091	*25.9*	3,255	*-11.6*	*100.5*	*21.6*	*26.1*	29.0	15.1
FY24	16,415	*-30.3*	3,237	*19.7*	2,049	*-37.1*	*63.2*	*11.4*	*12.9*	35.3	21.4
FY25	13,971	*-14.9*	2,322	*16.6*	1,575	*-23.1*	*48.6*	*8.1*	*8.2*	41.6	26.8
FY26	14,250	*2.0*	2,654	*18.6*	1,681	*6.7*	*51.9*	*8.1*	*8.0*	25.9	15.9

Source: Company, SMIFS Research Estimates

Doubling of EDA based capacities to drive growth in Balaji Speciality chemicals: The company's Unit-1 (Brownfield Expansion) additional reactor is being installed to manufacture EDA based value-added products such as DETA, TETA, PIP, AEEA and AEP. The project is targeted for commissioning by Sept 2026. The major RM used for EDA based products are MEA & Ammonia. This is housed in Unit 1 which as 54 TPH (828 Kwh) turbine operator installed in house. Although this only suffices small portion of total power & fuel & the plant is majorly dependent on outside grid power. MEA is imported & Ammonia is produced from domestic market.

Other key highlights:

(1.) The company continues to invest in R&D capabilities to foster innovation & development. The R&D provides the company with a crucial competitive edge, enabling diversification, meeting evolving consumer demands and serving its customers globally.

(2.) The company focus towards high-value derivatives and specialty chemicals with an aim to move up the value-chain with vertical integration.

(3.) The company commissioned 8-MW DC (6 MW AC) solar power plant in April 2025 which will substantially reduce power costs across all plants and lower the carbon footprint.

(4.) Management remains target focussed, growth savvy & looking to diversify into new age businesses rather than remaining traditional pharma & agrochemicals focussed. (Eg: DMC is used to make battery chemicals & DME which is used as LPG blending & in Aerosol segment)

(5.) Management has guided for Rs30bn topline in FY28E & Rs40bn topline in FY29E with EBITDA margins of ~22-23% sustainable for the longer term. We believe on EBITDA the guidance is quite conservative as new businesses like DMC & DME are higher value-added niche segments having better spreads per kg which should overall improve the margins but learning from their past mistakes they prefer now to deliver first rather than promise much.

(6.) Currently the company has no disruption in getting RM after US Iran conflict peaked out last month. All major RM are available on time & with no gaps. Even major RM like Methanol & Ammonia are witnessing dip in prices after peaking out. Current Methanol prices are Rs58-60/kg vs Rs78-80/kg at peak & current Ammonia prices are Rs100/kg vs Rs110-115/kg at peak in last 2 months.

(7.) For the ongoing capex, Balaji Speciality chemicals has taken Rs2bn term loan debt & Balaji Amines is using its internal accruals & has not taken any debt as there was surplus cash on the books.

(8.) Management has stated that Balaji speciality chemicals will either merge with Balaji Amines or an IPO could be on the cards by 2028E.

Valuation: The company is in completion stage of its major capex by FY27E. The company also has sufficient room for further capacity expansion as new sites has ample vacant land available to drive the growth for the next 10 years. Some back of the envelope calculations suggest that company can fetch Rs6bn PAT by FY29E vs current Rs1.7bn as on FY26. The peak PAT was achieved in FY22 of Rs3.7bn(ex Minority interest). Current undergoing expansion has the potential to surpass previous peak comfortably in the coming 3-4 years to come. If the company clocks Rs6bn PAT, then the stock trades at 11x as on FY29E/30E. In the last 3 months the stock has already doubled & we still see significant room on the upside & re-rating in the stock in the coming 3-4 years. Since, the stock is not in our regular coverage we do not assign any rating on the stock. But we are quite positive on the business long term growth trajectory.

Financial Statements (Consolidated)

Income Statement

YE March (Rs mn)	FY22	FY23	FY24	FY25	FY26
Revenues	**23229**	**23554**	**16415**	**13971**	**14250**
Raw Materials	12225	12458	9032	7807	7960
% of sales	*52.6*	*52.9*	55.0	55.9	55.9
Employee	966	852	823	799	841
% of sales	*4.2*	*3.6*	5.0	5.7	5.9
Other Expenses	3811	4153	3323	3044	2794
% of sales	*16.4*	*17.6*	20.2	21.8	19.6
EBITDA	**6227**	**6091**	**3237**	**2322**	**2654**
Other Income	147	152	296	332	288
Dep & Amortization	420	456	454	484	564
EBIT	**5954**	**5788**	**3080**	**2169**	**2379**
Finance cost	171	120	64	37	54
Core PBT	**5636**	**5516**	**2719**	**1800**	**2037**
PBT	**5783**	**5668**	**3016**	**2132**	**2325**
Tax-Total	1604	1611	693	546	633
Tax Rate (%) - Total	*27.7*	*28.4*	23.0	25.6	27.2
Reported PAT	***4179***	***4057***	**2323**	**1586**	**1692**
NCI	*495*	*802*	*274*	*11*	*11*
Adjusted PAT	**3684**	**3255**	**2049**	**1575**	**1681**

Source: Company, SMIFS Research Estimates

Key Ratios

YE March	FY22	FY23	FY24	FY25	FY26
Growth Ratio (%)					
Revenue	77.1	1.4	-30.3	-14.9	2.0
EBITDA	66.8	-2.2	-46.9	-28.3	14.3
Adjusted PAT	54.7	-11.6	-37.1	-23.1	6.7
Margin Ratios (%)					
Gross Profit	47.4	47.1	45.0	44.1	44.1
EBITDA	26.8	25.9	19.7	16.6	18.6
EBIT	25.6	24.6	18.8	15.5	16.7
Core PBT	24.3	23.4	16.6	12.9	14.3
Adjusted PAT	15.9	13.8	12.5	11.3	11.8
Return Ratios (%)					
ROE	33.1	21.6	11.4	8.1	8.1
ROCE	35.5	26.1	12.9	8.2	8.0
Turnover Ratios (days)					
Gross Block Turnover (x)	2.7	2.3	1.4	1.0	1.0
Adj OCF/Adj PAT (%)	59.6	108.7	163.1	162.2	109.5
Inventory	34.9	46.9	63.8	71.5	63.3
Debtors	92.4	58.5	71.0	71.9	88.6
Creditors	28.4	9.6	17.3	18.1	21.8
Cash conversion cycle	98.9	95.8	117.5	125.4	130.1
Solvency Ratio (x)					
Debt-equity	0.1	0.0	0.0	0.0	0.1
Net debt-equity	0.0	-0.1	-0.2	-0.2	-0.1
Gross Debt/EBITDA	0.2	0.1	0.1	0.0	0.5
Current Ratio	3.0	6.9	6.7	7.3	2.3
Interest coverage ratio	34.8	48.3	47.8	58.7	44.3
Dividend					
DPS	6.0	10.0	11.0	11.0	11.0
Dividend Yield (%)	0.2	0.3	0.5	0.5	0.8
Dividend Payout (%)	5.3	10.0	17.4	22.6	21.2
Per share Ratios (Rs)					
Basic EPS (reported)	113.7	100.5	63.2	48.6	51.6
Adjusted EPS	113.7	100.5	63.2	48.6	51.9
CEPS	126.7	114.5	77.2	63.6	69.3
BV	405.8	524.1	584.3	622.9	664.1
Valuation (x)					
Adj P/E	28.1	29.0	35.3	41.6	25.9
P/BV	7.9	5.6	3.8	3.2	2.0
EV/EBITDA	16.7	15.1	21.4	26.8	15.9
EV/Sales	4.5	3.9	4.2	4.4	3.0
Adj Market Cap /Core PBT	18.3	16.6	25.4	34.5	20.0
Adj Market Cap /Adj OCF	47.0	25.8	20.7	24.3	22.2

Source: Company, SMIFS Research Estimates

Balance Sheet

YE March (Rs mn)	FY22	FY23	FY24	FY25	FY26
Source of funds					
Share Capital	65	65	65	65	65
Reserves & Surplus	12434	15478	17154	18386	19700
Shareholders' Funds	**13149**	**16982**	**18932**	**20184**	**21517**
Total Loan Funds	1006	576	197	106	1329
Other Liabilities	721	850	936	1021	1236
Total Liabilities	**14876**	**18407**	**20065**	**21311**	**24082**
Application of funds					
Gross Block	9618	10958	12545	14085	14885
Net Block	6812	7805	8980	10065	10425
Capital WIP	1409	1132	2026	2343	5120
Quasi cash investments	0	0	0	0	0
Other Investments	**0**	**0**	**0**	**0**	**0**
Other Non-Current Assets	**161**	**367**	**486**	**704**	**2471**
Inventories	2224	3028	2869	2738	2471
Sundry Debtors	5881	3778	3194	2753	3459
Cash and bank balances	516	2359	3398	3535	2714
Current Investments	0	727	0	0	0
Other current assets	450	432	509	383	766
Total Current Assets	**9071**	**10324**	**9970**	**9409**	**9409**
Sundry Creditors	**1809**	**621**	**778**	**691**	**850**
Other current liabilities	768	600	618	514	2489
Total Current Liabilities	2577	1221	1396	1205	3339
Net Current Assets	**6494**	**9104**	**8574**	**8204**	**6070**
Total Assets	**14876**	**18407**	**20065**	**21311**	**24082**

Source: Company, SMIFS Research Estimates

Cash Flow

YE March (Rs mn)	FY22	FY23	FY24	FY25	FY26
Operating profit before WC changes	**6,356**	**6,197**	**3,317**	**2,445**	**2,771**
Net chg in working capital	-2,854	-1,235	653	530	(589)
Tax paid	-1,306	-1,422	(628)	(421)	(343)
Cash flow from operating activities (a)	**2,196**	**3,540**	**3,341**	**2,554**	**1,840**
Adj OCF	**2,196**	**3,540**	**3,341**	**2,554**	**1,840**
Capital expenditure	0	-232	(46)	(219)	66
Adj FCF	2,196	3,308	3,295	2,336	1,906
Cash flow from investing activities (b)	**-1,473**	**-2,095**	**(2,743)**	**(1,392)**	**(3,436)**
Debt	8	-431	-379	-91	1,223
Interest & lease	-130	-194	-324	-356	-356
Dividend	0	0	0	0	0
Cash flow from financing activities (c)	**-565**	**-812**	**(750)**	**(485)**	**846**
Net chg in cash (a+b+c)	**158**	**632**	**(152)**	**677**	**(750)**

Source: Company, SMIFS Research Estimates

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