

# Alkyl Amines Chemicals

Estimate changes	↔
TP change	↓
Rating change	↔

**CMP: INR1,619**

**TP: INR1,730 (+7%)**

**Neutral**

Bloomberg	AACL IN
Equity Shares (m)	51
M.Cap.(INRb)/(USD\$b)	82.8 / 0.9
52-Week Range (INR)	2449 / 1507
1, 6, 12 Rel. Per (%)	3/-36/-17
12M Avg Val (INR M)	144

## Financials & Valuations (INR b)

Y/E March	FY26E	FY27E	FY28E
Sales	15.5	17.0	18.4
EBITDA	2.9	3.3	3.6
PAT	1.9	2.1	2.3
EPS (INR)	36.2	41.7	45.6
EPS Gr. (%)	-0.4	15.1	9.5
BV/Sh.(INR)	300.2	330.4	363.5

## Ratios

Net D:E	-0.2	-0.3	-0.3
RoE (%)	12.6	13.2	13.2
RoCE (%)	11.9	12.6	12.6
Payout (%)	27.5	27.5	27.5

## Valuations

P/E (x)	44.6	38.8	35.4
P/BV (x)	5.4	4.9	4.4
EV/EBITDA (x)	27.3	23.8	21.5
Div. Yield (%)	0.6	0.7	0.8
FCF Yield (%)	2.0	2.3	3.1

## Shareholding Pattern (%)

As On	Dec-25	Sep-25	Dec-24
Promoter	72.0	72.0	72.0
DII	3.0	2.9	1.8
FII	3.5	3.4	3.2
Others	21.5	21.7	23.0

FII includes depository receipts

## Muted performance amid demand and cost pressures

### Earnings in line

- Alkyl Amines Chemicals (AACL) reported a muted operating performance in 3QFY26 as EBITDA declined 6% YoY. Further, higher raw material costs (gross margin contracted 50bp YoY) resulted in a marginal 20bp YoY contraction in EBITDA margins to 19%.
- The momentum is expected to remain muted in the near term due to prevailing demand softness across key end-user industries and heightened competitive intensity from Chinese manufacturers.
- We broadly maintain our earnings estimates and value the stock at 38x FY28E EPS to arrive at a TP of INR1,730. **Reiterate Neutral.**

### Muted operating performance

- In 3QFY26, revenue came in at INR3.5b (est. of INR3.7b), down 5%/9% YoY/QoQ, while gross margin stood at 48%, down 50bpsYoY and up 60bp QoQ.
- In 3QFY26, EBITDA margin stood at 19%, contracting 20bp YoY but expanding 90bp QoQ.
- EBITDA stood at INR672m (est. in line), declining 6% YoY and 4% QoQ.
- Adjusted PAT stood at INR423m (est. in line), declining 3% YoY and 2% QoQ.
- In 9MFY26, Revenue/EBITDA/Adj. PAT declined 3%/4%/4% YoY at INR11.5b/INR2.1b/INR1.3b.

### Valuation and view

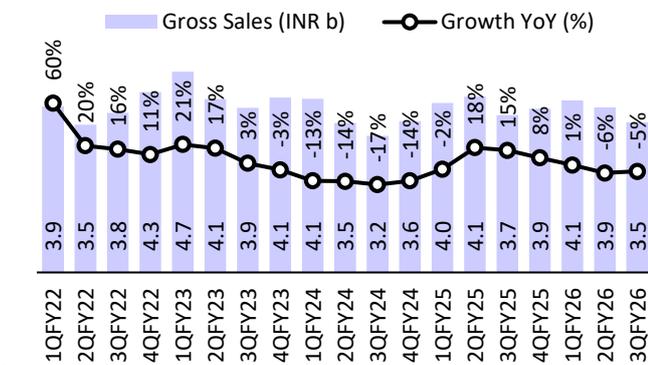
- We expect short-term headwinds to persist, with volumes likely to be affected by global demand softness and weakness across key end-user industries, along with continued pricing pressure due to heightened competition from Chinese manufacturers.
- However, the long-term outlook remains positive, supported by AAAC's strengthening global presence through the development of efficient, cost-effective processes for high-grade and ultra-pure specialty products. The planned commercialization of a new product at the Kurkumbh facility, along with additional products in the R&D pipeline, should drive the next phase of growth.
- We estimate a CAGR of 5%/7%/8% in revenue/EBITDA/PAT over FY25-28 and maintain our earnings estimates. We value the stock at 38x FY28E EPS to arrive at a TP of INR1,730. **Reiterate Neutral.**

**Standalone - Quarterly Snapshot**

(INR m)

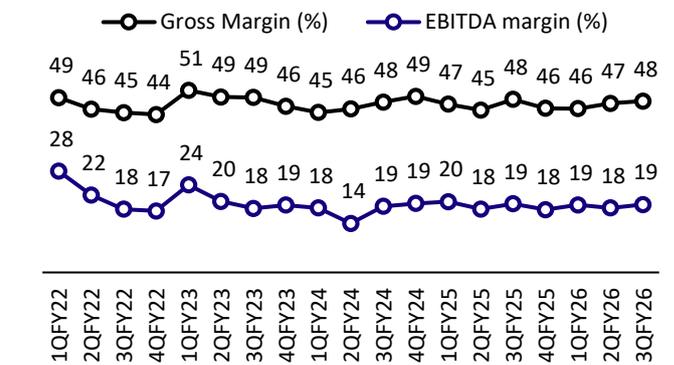
Y/E March	FY25				FY26				FY25	FY26E	FY26 3QE	Var. (%)
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4QE				
<b>Gross Sales</b>	<b>3,997</b>	<b>4,149</b>	<b>3,712</b>	<b>3,861</b>	<b>4,055</b>	<b>3,894</b>	<b>3,540</b>	<b>3,976</b>	<b>15,718</b>	<b>15,466</b>	<b>3,749</b>	<b>-6%</b>
YoY Change (%)	-2.5	17.8	15.3	8.3	1.5	-6.1	-4.6	3.0	9.1	-1.6	1.0	
Total Expenditure	3,206	3,414	3,000	3,182	3,290	3,192	2,868	3,205	12,807	12,555	3,073	
Gross Margin (%)	47.0%	45.4%	48.4%	45.9%	45.8%	47.3%	47.9%	49.0%	46.6%	47.5%	48.0%	
<b>EBITDA</b>	<b>791</b>	<b>735</b>	<b>712</b>	<b>678</b>	<b>766</b>	<b>702</b>	<b>672</b>	<b>771</b>	<b>2,911</b>	<b>2,910</b>	<b>676</b>	<b>-1%</b>
Margin (%)	19.8	17.7	19.2	17.6	18.9	18.0	19.0	19.4	18.5	18.8	18.0	
Depreciation	177	180	179	176	179	182	177	185	712	723	185	
Interest	2	4	9	2	3	3	2	2	10	11	3	
Other Income	47	92	66	93	80	74	80	95	298	329	91	
<b>PBT before EO expense</b>	<b>659</b>	<b>643</b>	<b>591</b>	<b>594</b>	<b>663</b>	<b>591</b>	<b>572</b>	<b>679</b>	<b>2,486</b>	<b>2,506</b>	<b>579</b>	
<b>PBT</b>	<b>659</b>	<b>643</b>	<b>591</b>	<b>594</b>	<b>663</b>	<b>591</b>	<b>572</b>	<b>679</b>	<b>2,486</b>	<b>2,506</b>	<b>579</b>	
Tax	170	169	153	133	169	162	150	171	625	651	146	
Rate (%)	25.9	26.2	25.9	22.5	25.5	27.4	26.2	25.2	25.1	26.0	25.2	
<b>Adj PAT</b>	<b>489</b>	<b>475</b>	<b>438</b>	<b>460</b>	<b>494</b>	<b>429</b>	<b>423</b>	<b>508</b>	<b>1,861</b>	<b>1,855</b>	<b>433</b>	<b>-2%</b>
YoY Change (%)	-1.8	74.2	30.9	19.7	1.2	-9.5	-3.4	10.4	25.0	-0.4	-1.0	
Margin (%)	12.2	11.4	11.8	11.9	12.2	11.0	11.9	12.8	11.8	12.0	11.6	

**Exhibit 1: Sales declined 5% YoY at INR3.5b**



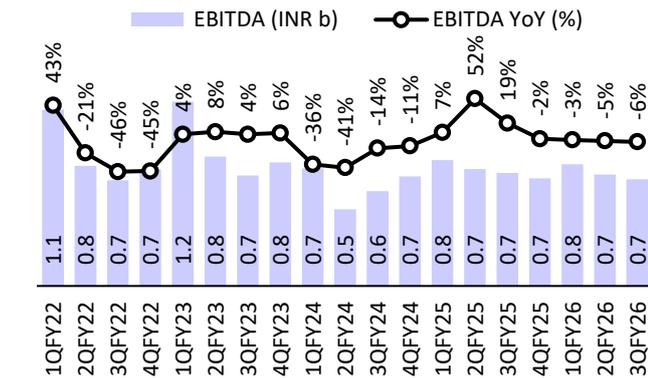
Source: Company, MOFSL

**Exhibit 2: Margins trend**



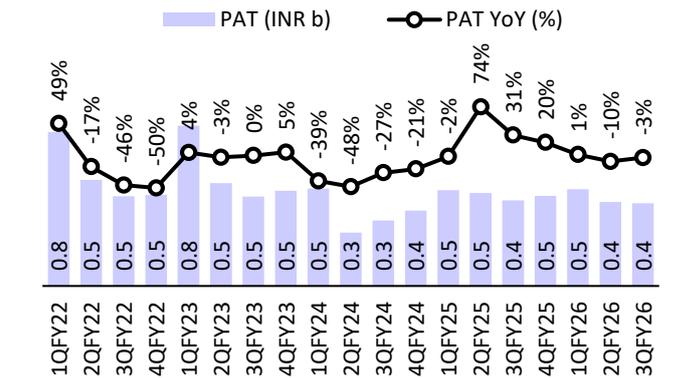
Source: Company, MOFSL

**Exhibit 3: EBITDA down 6% YoY at INR672m**



Source: Company, MOFSL

**Exhibit 4: PAT down 3% YoY at INR423m**



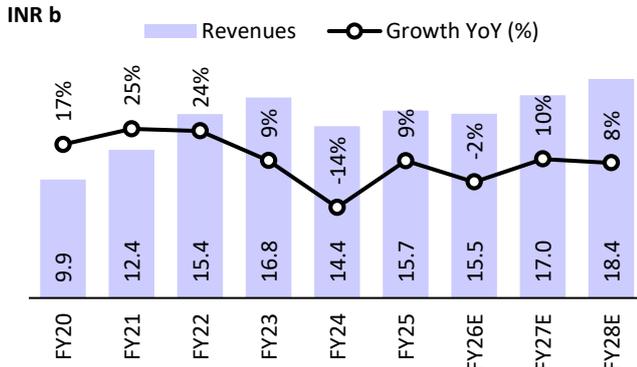
Source: Company, MOFSL

**Exhibit 5: Changes to our estimates**

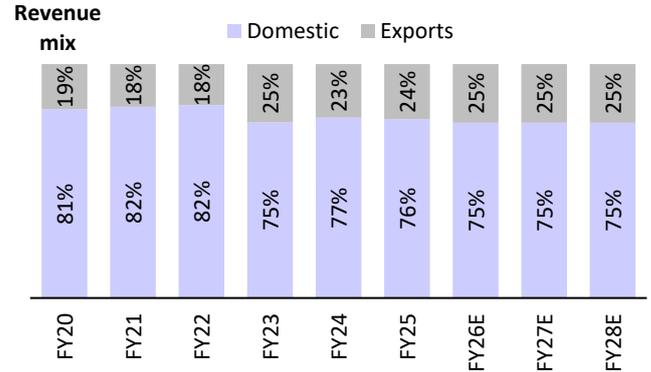
Particulars	Revised				Previous				Change (%)			
	FY25	FY26E	FY27E	FY28E	FY25	FY26E	FY27E	FY28E	FY25	FY26E	FY27E	FY28E
Revenue (INR m)	15,718	15,466	17,012	18,373	15,718	15,675	17,242	18,622	0%	-1%	-1%	-1%
EBITDA (INR m)	2,911	2,910	3,285	3,561	2,911	2,875	3,252	3,525	0%	1%	1%	1%
PAT (INR m)	1,861	1,855	2,134	2,337	1,861	1,827	2,110	2,312	0%	2%	1%	1%
EPS (INR)	36.3	36.2	41.7	45.6	36.3	35.7	41.2	45.1	0%	2%	1%	1%

## Financial story in charts

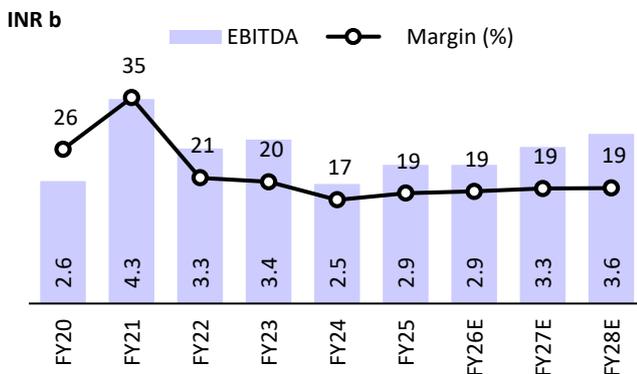
**Exhibit 6: Expect ~5% revenue CAGR over FY25-27**



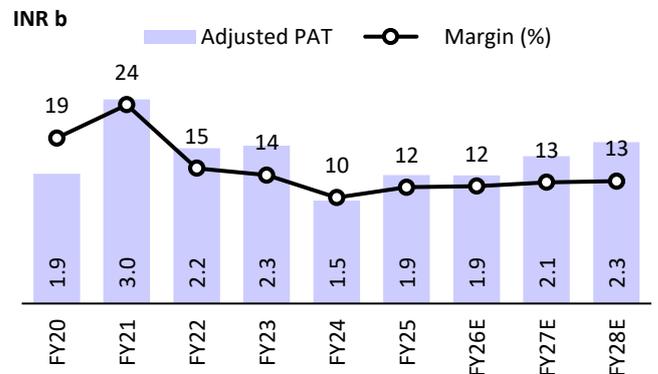
**Exhibit 7: Export share to be at 25% of total revenue**



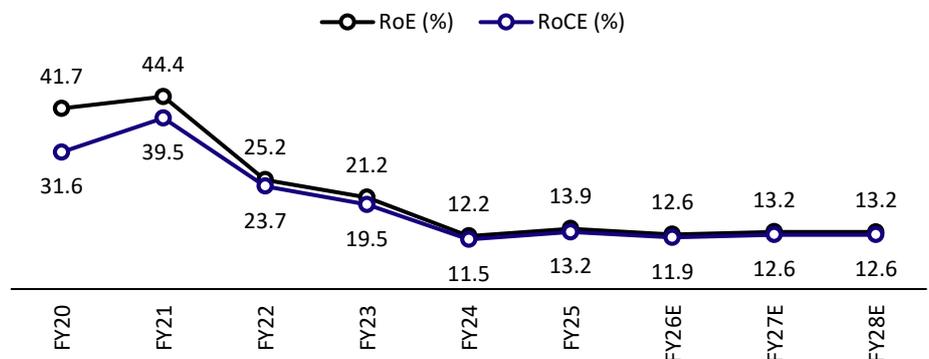
**Exhibit 8: EBITDA margin trend**



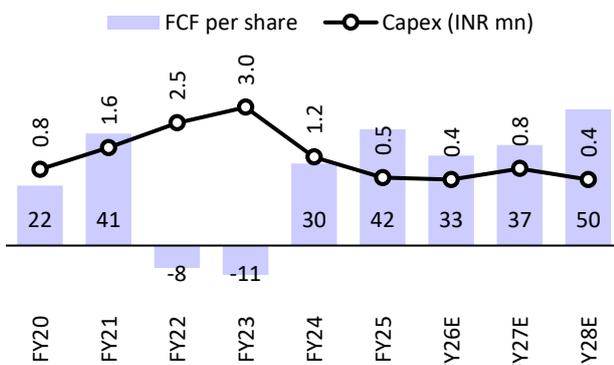
**Exhibit 9: PAT margin trend**



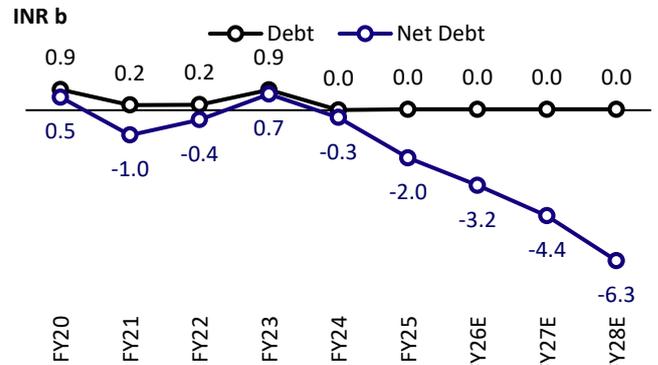
**Exhibit 10: Return ratios**



**Exhibit 11: FCF generation over FY26-28**



**Exhibit 12: AACL expected to remain a net cash company**



Source: Company, MOFSL

Source: Company, MOFSL

## Financials and valuations

### Standalone - Income Statement

	(INR m)							
Y/E March	FY21	FY22	FY23	FY24	FY25	FY26E	FY27E	FY28E
<b>Total Income from Operations</b>	<b>12,424</b>	<b>15,420</b>	<b>16,831</b>	<b>14,406</b>	<b>15,718</b>	<b>15,466</b>	<b>17,012</b>	<b>18,373</b>
Change (%)	25.1	24.1	9.1	-14.4	9.1	-1.6	10.0	8.0
Gross Margin (%)	57.9	45.8	48.9	46.7	46.6	47.5	47.5	47.7
<b>EBITDA</b>	<b>4,291</b>	<b>3,252</b>	<b>3,439</b>	<b>2,506</b>	<b>2,911</b>	<b>2,910</b>	<b>3,285</b>	<b>3,561</b>
Margin (%)	34.5	21.1	20.4	17.4	18.5	18.8	19.3	19.4
Depreciation	291	348	452	589	712	723	775	807
<b>EBIT</b>	<b>4,001</b>	<b>2,904</b>	<b>2,987</b>	<b>1,916</b>	<b>2,199</b>	<b>2,188</b>	<b>2,510</b>	<b>2,754</b>
Int. and Finance Charges	63	33	33	42	10	11	11	11
Other Income	70	150	132	151	298	329	352	380
<b>PBT bef. EO Exp.</b>	<b>4,007</b>	<b>3,021</b>	<b>3,086</b>	<b>2,025</b>	<b>2,486</b>	<b>2,506</b>	<b>2,852</b>	<b>3,123</b>
EO Items	0	0	0	0	0	0	0	0
<b>PBT after EO Exp.</b>	<b>4,007</b>	<b>3,021</b>	<b>3,086</b>	<b>2,025</b>	<b>2,486</b>	<b>2,506</b>	<b>2,852</b>	<b>3,123</b>
Total Tax	1,054	772	799	535	625	651	718	786
Tax Rate (%)	26.3	25.6	25.9	26.4	25.1	26.0	25.2	25.2
<b>Reported PAT</b>	<b>2,953</b>	<b>2,249</b>	<b>2,287</b>	<b>1,489</b>	<b>1,861</b>	<b>1,855</b>	<b>2,134</b>	<b>2,337</b>
<b>Adjusted PAT</b>	<b>2,953</b>	<b>2,249</b>	<b>2,287</b>	<b>1,489</b>	<b>1,861</b>	<b>1,855</b>	<b>2,134</b>	<b>2,337</b>
Change (%)	57.0	-23.9	1.7	-34.9	25.0	-0.4	15.1	9.5
Margin (%)	23.8	14.6	13.6	10.3	11.8	12.0	12.5	12.7

### Standalone - Balance Sheet

	(INR m)							
Y/E March	FY21	FY22	FY23	FY24	FY25	FY26E	FY27E	FY28E
Equity Share Capital	102	102	102	102	102	102	102	102
Total Reserves	7,822	9,796	11,587	12,569	13,923	15,267	16,815	18,510
<b>Net Worth</b>	<b>7,924</b>	<b>9,898</b>	<b>11,689</b>	<b>12,671</b>	<b>14,025</b>	<b>15,370</b>	<b>16,917</b>	<b>18,612</b>
Total Loans	216	227	855	6	36	36	36	36
Deferred Tax Liabilities	414	472	560	737	880	880	880	880
<b>Capital Employed</b>	<b>8,554</b>	<b>10,598</b>	<b>13,104</b>	<b>13,415</b>	<b>14,941</b>	<b>16,286</b>	<b>17,833</b>	<b>19,528</b>
Gross Block	5,315	7,663	9,013	13,307	13,572	13,972	14,772	15,172
Less: Accum. Deprn.	1,026	1,374	1,825	2,415	3,127	3,850	4,625	5,432
<b>Net Fixed Assets</b>	<b>4,288</b>	<b>6,290</b>	<b>7,187</b>	<b>10,892</b>	<b>10,445</b>	<b>10,122</b>	<b>10,147</b>	<b>9,740</b>
Capital WIP	1,376	1,426	3,525	356	519	519	519	519
<b>Total Investments</b>	<b>302</b>	<b>0</b>						
<b>Curr. Assets, Loans&amp;Adv.</b>	<b>5,486</b>	<b>5,997</b>	<b>5,207</b>	<b>4,589</b>	<b>6,924</b>	<b>8,178</b>	<b>9,954</b>	<b>12,279</b>
Inventory	1,219	1,645	1,837	1,720	1,648	1,695	1,864	2,014
Account Receivables	2,280	2,767	2,584	2,217	2,307	2,373	2,610	2,819
Cash and Bank Balance	1,260	626	182	314	2,041	3,196	4,473	6,360
Loans and Advances	727	959	604	338	930	915	1,006	1,087
<b>Curr. Liability &amp; Prov.</b>	<b>2,899</b>	<b>3,116</b>	<b>2,815</b>	<b>2,422</b>	<b>2,948</b>	<b>2,534</b>	<b>2,787</b>	<b>3,010</b>
Account Payables	1,790	2,285	1,897	1,719	1,772	1,610	1,771	1,913
Other Current Liabilities	1,002	730	790	559	1,023	773	851	919
Provisions	107	101	128	144	153	150	165	179
<b>Net Current Assets</b>	<b>2,587</b>	<b>2,882</b>	<b>2,392</b>	<b>2,167</b>	<b>3,977</b>	<b>5,644</b>	<b>7,167</b>	<b>9,269</b>
<b>Appl. of Funds</b>	<b>8,554</b>	<b>10,598</b>	<b>13,104</b>	<b>13,415</b>	<b>14,941</b>	<b>16,286</b>	<b>17,833</b>	<b>19,528</b>

## Financials and valuations

### Ratios

Y/E March	FY21	FY22	FY23	FY24	FY25	FY26E	FY27E	FY28E
<b>Basic (INR)</b>								
<b>EPS</b>	<b>57.9</b>	<b>44.0</b>	<b>44.7</b>	<b>29.1</b>	<b>36.3</b>	<b>36.2</b>	<b>41.7</b>	<b>45.6</b>
EPS Growth (%)	57.0	-24.0	1.6	-34.9	24.8	-0.4	15.1	9.5
Cash EPS	63.6	50.8	53.5	40.6	50.3	50.3	56.8	61.4
BV/Share	155.3	193.7	228.6	247.7	273.9	300.2	330.4	363.5
DPS	16.0	10.0	10.0	10.0	10.0	10.0	11.5	12.5
Payout (%)	27.7	22.7	22.4	34.3	27.5	27.5	27.5	27.5
<b>Valuation (x)</b>								
P/E	27.9	36.7	36.1	55.5	44.4	44.6	38.8	35.4
Cash P/E	25.4	31.8	30.2	39.8	32.1	32.1	28.4	26.3
P/BV	10.4	8.3	7.1	6.5	5.9	5.4	4.9	4.4
EV/Sales	6.6	5.3	4.9	5.7	5.1	5.1	4.6	4.2
EV/EBITDA	19.0	25.3	24.2	32.9	27.7	27.3	23.8	21.5
Dividend Yield (%)	1.0	0.6	0.6	0.6	0.6	0.6	0.7	0.8
FCF per share	40.7	-8.1	-10.7	29.9	42.2	32.7	36.6	49.6
<b>Return Ratios (%)</b>								
RoE	44.4	25.2	21.2	12.2	13.9	12.6	13.2	13.2
RoCE	39.5	23.7	19.5	11.5	13.2	11.9	12.6	12.6
RoIC	51.4	30.5	24.7	12.7	13.1	13.0	14.8	16.2
<b>Working Capital Ratios</b>								
Fixed Asset Turnover (x)	2.9	2.9	2.5	1.6	1.5	1.5	1.7	1.8
Asset Turnover (x)	1.5	1.5	1.3	1.1	1.1	0.9	1.0	0.9
Inventory (Days)	36	39	40	44	38	40	40	40
Debtor (Days)	67	66	56	56	54	56	56	56
Creditor (Days)	53	54	41	44	41	38	38	38
<b>Leverage Ratio (x)</b>								
Current Ratio	1.9	1.9	1.8	1.9	2.3	3.2	3.6	4.1
Interest Cover Ratio	63.2	88.5	89.9	45.4	217.7	202.6	232.4	255.0
Net Debt/Equity	-0.1	0.0	0.1	0.0	-0.1	-0.2	-0.3	-0.3

### Standalone - Cash Flow Statement

(INR m)

Y/E March	FY21	FY22	FY23	FY24	FY25	FY26E	FY27E	FY28E
OP/(Loss) before Tax	4,007	3,021	3,086	2,025	2,486	2,506	2,852	3,123
Depreciation	291	348	452	589	712	723	775	807
Interest Expenses	63	38	33	42	10	11	11	11
Others	1	-48	55	34	-130	0	0	0
Direct Taxes Paid	-1,012	-744	-714	-346	-503	-651	-718	-786
(Inc)/Dec in WC	290	-569	-428	403	55	-512	-245	-215
<b>CF from Operations</b>	<b>3,640</b>	<b>2,046</b>	<b>2,484</b>	<b>2,747</b>	<b>2,631</b>	<b>2,076</b>	<b>2,675</b>	<b>2,940</b>
(Inc)/Dec in FA	-1,561	-2,462	-3,030	-1,221	-469	-400	-800	-400
<b>Free Cash Flow</b>	<b>2,079</b>	<b>-415</b>	<b>-546</b>	<b>1,527</b>	<b>2,162</b>	<b>1,676</b>	<b>1,875</b>	<b>2,540</b>
Change in Investments	-587	369	237	-3	-1,537	0	0	0
Others	21	36	22	9	51	0	0	0
<b>CF from Investments</b>	<b>-2,127</b>	<b>-2,057</b>	<b>-2,771</b>	<b>-1,215</b>	<b>-1,955</b>	<b>-400</b>	<b>-800</b>	<b>-400</b>
Issue of Shares	4	7	12	8	6	0	0	0
Inc/(Dec) in Debt	-381	-228	616	-848	30	0	0	0
Interest Paid	-68	-40	-31	-43	-8	-11	-11	-11
Dividend Paid	-408	-306	-511	-511	-511	-510	-587	-642
Others	-11	-5	-6	-8	-8	0	0	0
<b>CF from Fin. Activity</b>	<b>-864</b>	<b>-572</b>	<b>80</b>	<b>-1,401</b>	<b>-492</b>	<b>-520</b>	<b>-597</b>	<b>-653</b>
<b>Inc/Dec of Cash</b>	<b>649</b>	<b>-582</b>	<b>-206</b>	<b>131</b>	<b>184</b>	<b>1,155</b>	<b>1,277</b>	<b>1,887</b>
Opening Balance	312	961	379	172	304	488	1,643	2,921
<b>Closing Balance</b>	<b>962</b>	<b>379</b>	<b>172</b>	<b>303</b>	<b>488</b>	<b>1,643</b>	<b>2,921</b>	<b>4,807</b>

Investment in securities market are subject to market risks. Read all the related documents carefully before investing.

## NOTES

Explanation of Investment Rating	
Investment Rating	Expected return (over 12-month)
BUY	>=15%
SELL	< - 10%
NEUTRAL	< - 10 % to 15%
UNDER REVIEW	Rating may undergo a change
NOT RATED	We have forward looking estimates for the stock but we refrain from assigning recommendation

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