

Alkyl Amines Chemicals

Estimate changes	↔
TP change	↑
Rating change	↔

CMP: INR1,759

TP: INR1,720 (-2%)

Neutral

Bloomberg	AACL IN
Equity Shares (m)	51
M.Cap.(INRb)/(USD\$b)	89.9 / 1
52-Week Range (INR)	2449 / 1212
1, 6, 12 Rel. Per (%)	27/2/4
12M Avg Val (INR M)	154

Financials & Valuations (INR b)

Y/E March	FY26	FY27E	FY28E
Sales	15.4	16.7	18.1
EBITDA	2.8	3.1	3.4
PAT	1.8	2.0	2.2
EPS (INR)	35.2	39.5	43.1
EPS Gr. (%)	-3.3	12.3	9.0
BV/Sh.(INR)	299.5	328.1	359.3

Ratios

Net D:E	-0.1	-0.2	-0.2
RoE (%)	12.3	12.6	12.5
RoCE (%)	11.6	11.9	11.9
Payout (%)	27.5	27.5	27.5

Valuations

P/E (x)	50.0	44.5	40.8
P/BV (x)	5.9	5.4	4.9
EV/EBITDA (x)	30.9	27.7	25.2
Div. Yield (%)	0.5	0.6	0.7
FCF Yield (%)	1.2	2.0	2.1

Shareholding Pattern (%)

As On	Mar-26	Dec-25	Mar-25
Promoter	72.1	72.0	72.0
DII	3.0	3.0	2.2
FII	3.5	3.5	3.2
Others	21.5	21.5	22.6

FII includes depository receipts

Muted quarter, with gradual demand recovery likely in FY27

Strong beat on our estimates

- Alkyl Amines Chemicals (AACL) reported a steady operating performance with EBITDA growth of 4% YoY in 4QFY26. The company successfully mitigated raw material cost pressures through price pass-throughs, driving a 70bp YoY improvement in EBITDA margin to 18.3%.
- While volume growth remained flat in FY26, the growth momentum is expected to improve steadily, driven by rising demand from the pharma segment led by peptides, with management guiding a 5-10% overall volume growth. Further, the anti-dumping duty (ADD) on acetonitrile is likely to aid price recovery and strengthen AACL's market position.
- We broadly maintain our earnings estimates and value the stock at 40x FY28E EPS to arrive at a TP of INR1,720. **Reiterate Neutral.**

Stable operating performance with margin resilience

- Revenue stood flat YoY while growing 9% QoQ to INR3.9b (est. INR3.2b), while gross margin remained flat YoY and contracted 200bp QoQ to 45.8%.
- EBITDA margins expanded 70bp YoY but contracted 70bp QoQ to 18.3% (est. 17%). Employee costs as a percentage of sales stood at 7.5% (vs. 6.4% in 4QFY25), while other expenses stood at 20.1% vs. 21.9% in 4QFY25.
- EBITDA stood at INR707m, up 4% YoY and 5% QoQ (est. of INR558m).
- Adj. PAT stood at INR454m, down 1% YoY and up 7% QoQ (est. of INR349m).
- In FY26, Revenue/EBITDA/Adj. PAT declined ~2%/2%/3% to INR15.4b/INR2.8b/INR1.8b.
- The company stands debt-free as of Mar'26. Further, the cash flow from operations in Mar'26 stood at INR2.4b

Highlights from the management commentary

- Guidance and outlook:** Management remains cautiously optimistic on the outlook, supported by a moderation in aggressive pricing from Chinese players, which is expected to aid industry-wide margin recovery. While prices are unlikely to revert to pre-Feb levels, the company believes the worst of the downturn is behind it and continues to guide a 5-10% volume growth.
- Macro environment:** FY26 remained challenging, with flat revenue and profit performance amid subdued demand, although the company gained market share in select products. Additionally, the ADD on acetonitrile reduced imports and supported an improvement in domestic pricing towards the end of the year.
- End-user demand scenario:** The pharma industry remained relatively insulated from tariff-related disruptions, with the outlook continuing to remain positive, led by the growth in the peptides segment. However, the Agri segment's outlook remains cautious due to El Niño-related concerns.

Valuation and view

- We expect short-term headwinds to persist due to the uncertainty in the microenvironment and significant uncertainty stemming from the tensions in the Middle East, impacting the raw material prices.
- Going forward, the growth will be aided by i) the planned commercialization of a new product at the Kurkumbh facility in 2QFY27, ii) additional products in the R&D pipeline, iii) the anti-dumping duty on acetonitrile, iv) headroom in improving capacity utilization leading to operating leverage, and v) rising demand from the pharma segment.
- We estimate a CAGR of 6%/6%/7% in revenue/EBITDA/PAT over FY26-28 and maintain our earnings estimates. We value the stock at 40x FY28E EPS to arrive at our TP of INR1,720. **Reiterate Neutral.**

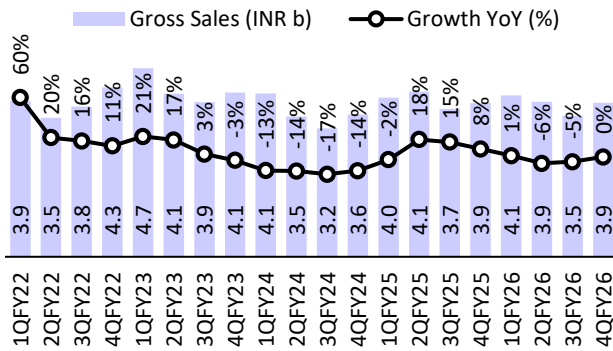
Standalone - Quarterly Snapshot

(INR m)

Y/E March	FY25				FY26				FY25	FY26	FY26 4QE	Var. (%)
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q				
Gross Sales	3,997	4,149	3,712	3,861	4,055	3,894	3,540	3,869	15,718	15,359	3,281	18%
<i>YoY Change (%)</i>	-2.5	17.8	15.3	8.3	1.5	-6.1	-4.6	0.2	9.1	-2.3	-15.0	
Total Expenditure	3,206	3,414	3,000	3,182	3,290	3,192	2,868	3,162	12,807	12,512	2,724	
<i>Gross Margin (%)</i>	47.0%	45.4%	48.4%	45.9%	45.8%	47.3%	47.9%	45.8%	46.6%	46.7%	47.5%	
EBITDA	791	735	712	678	766	702	672	707	2,911	2,846	558	27%
<i>Margin (%)</i>	19.8	17.7	19.2	17.6	18.9	18.0	19.0	18.3	18.5	18.5	17.0	
Depreciation	177	180	179	176	179	182	177	179	712	717	185	
Interest	2	4	9	2	3	3	2	3	10	12	2	
Other Income	47	92	66	93	80	74	80	83	298	317	95	
PBT before EO expense	659	643	591	594	663	591	572	608	2,486	2,435	466	
PBT	659	643	591	594	663	591	572	608	2,486	2,435	466	
Tax	170	169	153	133	169	162	150	154	625	635	117	
<i>Rate (%)</i>	25.9	26.2	25.9	22.5	25.5	27.4	26.2	25.4	25.1	26.1	25.2	
Adj PAT	489	475	438	460	494	429	423	454	1,861	1,800	349	30%
<i>YoY Change (%)</i>	-1.8	74.2	30.9	19.7	1.2	-9.5	-3.4	-1.4	25.0	-3.3	-24.2	
<i>Margin (%)</i>	12.2	11.4	11.8	11.9	12.2	11.0	11.9	11.7	11.8	11.7	10.6	

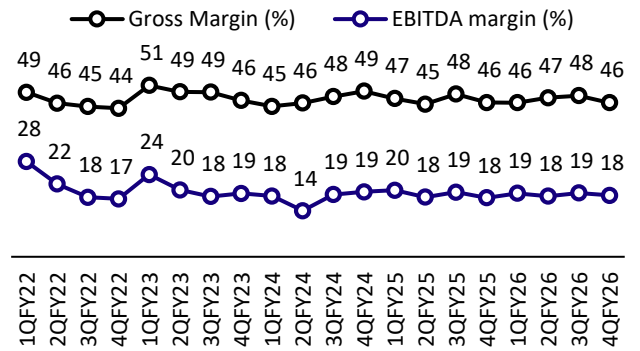
Key Exhibits

Exhibit 1: Sales remained flat YoY at INR3.9b



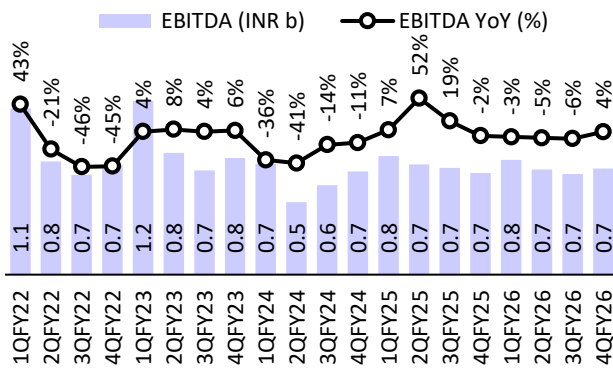
Source: Company, MOFSL

Exhibit 2: Margin trends



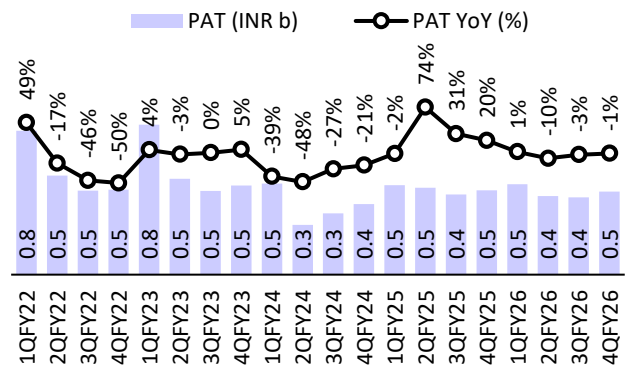
Source: Company, MOFSL

Exhibit 3: EBITDA grew 4% YoY to INR707m



Source: Company, MOFSL

Exhibit 4: PAT down 1% YoY to INR454m



Source: Company, MOFSL

Exhibit 5: Changes to our estimates

Particulars	Revised		Previous		Change (%)	
	FY27E	FY28E	FY27E	FY28E	FY27E	FY28E
Revenue (INR m)	16,724	18,061	16,248	17,548	3%	3%
EBITDA (INR m)	3,135	3,397	3,113	3,374	1%	1%
PAT (INR m)	2,022	2,204	1,993	2,184	1%	1%
EPS (INR)	39.5	43.1	38.9	42.7	1%	1%



Highlights from the management commentary

Guidance and Outlook

- Management is looking at cautious optimism, but the future outlook remains concerning due to geopolitical issues. Management expects 5-10% growth in volumes for FY27, while pricing remains uncertain.
- Methylamines now have four players domestically, and management expects competition. Chinese players are not in Methylamines. Capacity is over due to new entrants, and utilization is expected to be lower.
- Ethylamines have only two domestic players, and market share is expected to be stable. Margins are protected due to the price increase. There is enough capacity for the next 4 years. Debottlenecking is also an available option with AACL.
- Management expects a gradual margin recovery if China's anti-innovation policy is successfully implemented.
- Management expects pricing to remain elevated in the near term due to disruptions.
- No major business plans for FY27. Capex for FY27 guided at ~INR800-900m relating to product developments.

Macro environment

- Prices of raw materials have increased subsequently, increasing finished goods prices. Difficult to predict impact on demand, but most of the customers' products have a minor cost proportion relating to the AACL's product. FG prices will be reduced in lag relative to RM cost, which will be beneficial for AACL.
- Competition is also facing the same constraints, and a price dip is not expected in the near term. Price hike will continue until the supply chain is normalized and expected to return to Feb'26 or even earlier levels. Margin advantage will be there if the earlier ammonia inventory is in stock. Another six months are expected for ammonia supply stabilization.
- Green ammonia is expected to take ~3-5 years, but it is a good alternative. Currently, no green ammonia is being sold to AACL.
- Chinese aggressiveness has been reduced recently, but pricing pressure persists.
- Acetonitrile (ACN) (currently ~INR200/kg v/s INR140/kg YoY) has ADD implemented in Jul'25, but demand improvement was seen in CY25 end. Market share of AACL started improving from the last quarter due to the reduction in imports. The ACN market is ~30kT. The competitor is planning to set up an ACN plant, but AACL is expecting to sustain a competitive advantage in terms of cost leadership.

End-user demand scenario

- The pharma industry was relatively immune to tariffs, and the further outlook also looks positive. There is a lot of optimism around peptides' growth, but this must materialize for favorable volumes for AACL.
- The outlook for the Agri industry is concerning due to El Niño. AACL has ~50-60% exposure to Pharma and ~15-20% to Agro.

Operational performance

- Volume and value growth were flat in FY26. Prices and volumes both dropped ~1%, with varying product-wise metrics
- Currently, AACL is at ~60-80% utilization (Capacity of 30kT)
- 10-15kT (fraction of India's needs) of ammonia is required per month for the Aliphatic industry.

Force majeure

- AACL had announced force majeure on 16 Mar'26 due to a geopolitical crisis, which led to disruption in the availability of LNG (critical input for Ammonia production)
- Due to the non-availability of ammonia, the company had temporarily suspended manufacturing of Methylamines, Ethylamines, and their derivatives at Patalganga, Kurkumbh, and Dahej sites.
- On 24 Apr'26, AACL announced that production was restarted gradually due to Ammonia supply improvements. Ammonia costs increased from INR50/kg to INR100/kg.
- AACL's Ammonia contracts are short-term, and customers are not committing to long-term contracts due to elevated pricing. The company is dependent on distributors and suppliers for ammonia sourcing.

Product development

- Project Kirkham was delayed and is now expected to commission in 2QFY27 (currently, the mechanical process is in progress). Over a dozen products at various stages are currently in R&D
- New product from the R&D pipeline will be launched in Jul'26. Some products are in the engineering stage, and their commercial launch remains contingent.

Financial story in charts

Exhibit 6: Expect ~6% revenue CAGR over FY26-27

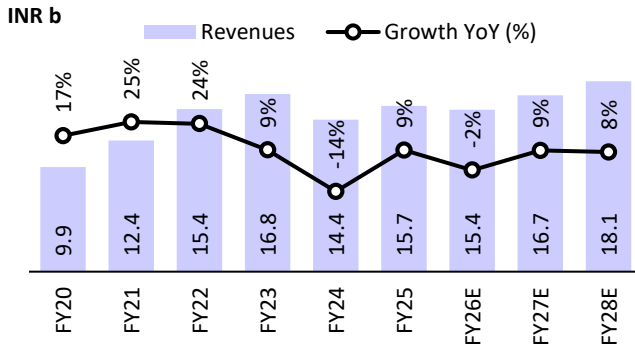


Exhibit 7: Export share to be at 25% of total revenue

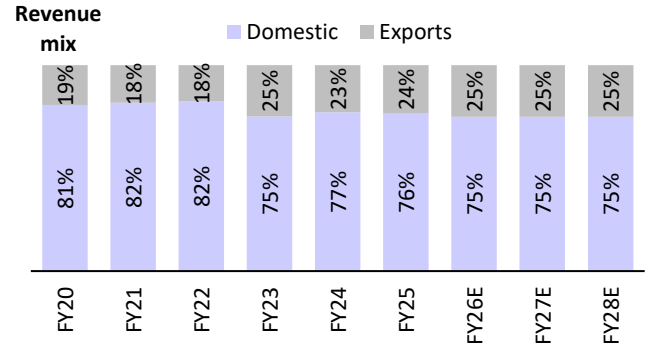


Exhibit 8: EBITDA margin trend

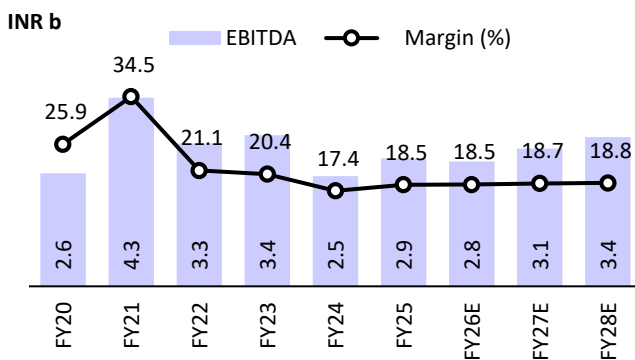


Exhibit 9: PAT margin to be at 12.2% in FY28

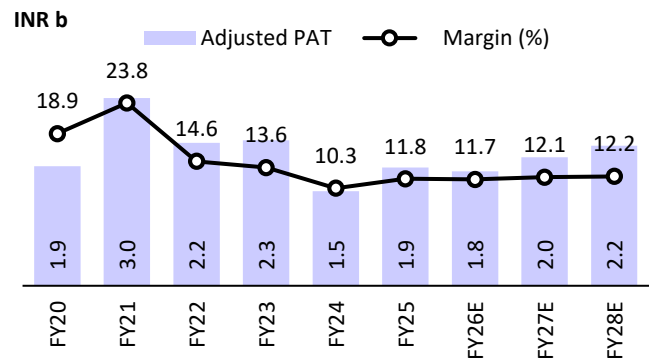


Exhibit 10: Return ratios

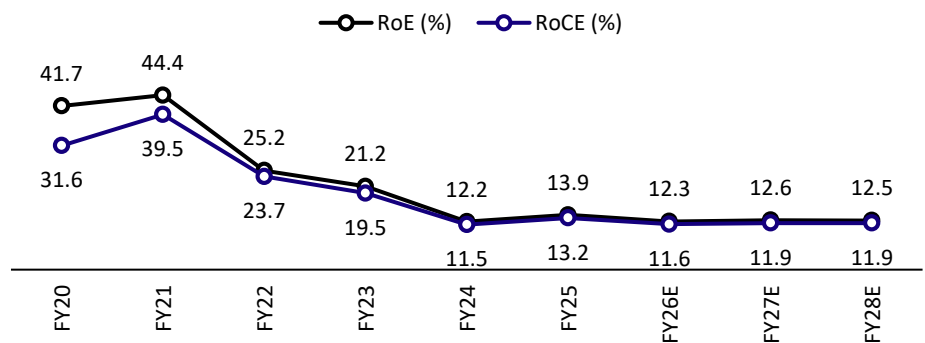


Exhibit 11: FCF generation over FY26-28

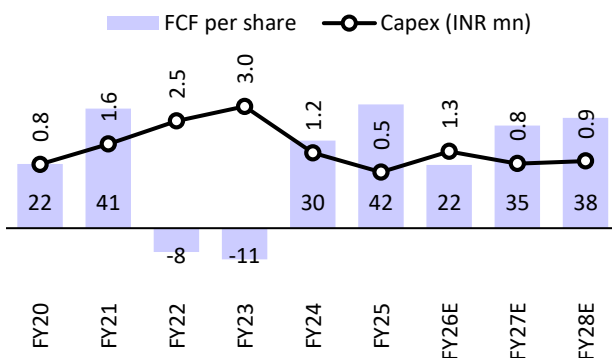
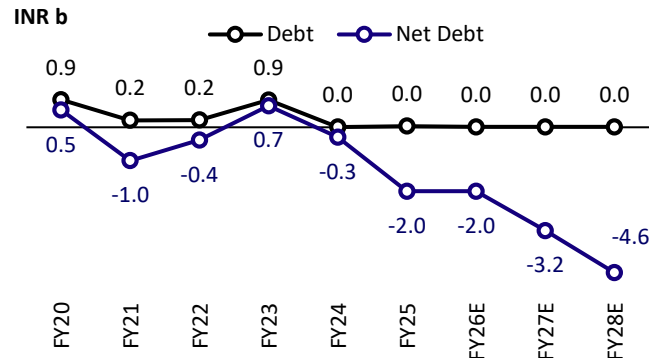


Exhibit 12: AACL expected to remain a net cash company



Source: Company, MOFSL

Source: Company, MOFSL

Financials and valuations

Standalone - Income Statement								(INR m)	
Y/E March	FY21	FY22	FY23	FY24	FY25	FY26	FY27E	FY28E	
Total Income from Operations	12,424	15,420	16,831	14,406	15,718	15,359	16,724	18,061	
Change (%)	25.1	24.1	9.1	-14.4	9.1	-2.3	8.9	8.0	
Gross Margin (%)	57.9	45.8	48.9	46.7	46.6	46.7	46.8	47.0	
EBITDA	4,291	3,252	3,439	2,506	2,911	2,846	3,135	3,397	
Margin (%)	34.5	21.1	20.4	17.4	18.5	18.5	18.7	18.8	
Depreciation	291	348	452	589	712	717	776	822	
EBIT	4,001	2,904	2,987	1,916	2,199	2,130	2,359	2,576	
Int. and Finance Charges	63	33	33	42	10	12	4	4	
Other Income	70	150	132	151	298	317	346	374	
PBT bef. EO Exp.	4,007	3,021	3,086	2,025	2,486	2,435	2,702	2,946	
EO Items	0	0	0	0	0	0	0	0	
PBT after EO Exp.	4,007	3,021	3,086	2,025	2,486	2,435	2,702	2,946	
Total Tax	1,054	772	799	535	625	635	680	741	
Tax Rate (%)	26.3	25.6	25.9	26.4	25.1	26.1	25.2	25.2	
Reported PAT	2,953	2,249	2,287	1,489	1,861	1,800	2,022	2,204	
Adjusted PAT	2,953	2,249	2,287	1,489	1,861	1,800	2,022	2,204	
Change (%)	57.0	-23.9	1.7	-34.9	25.0	-3.3	12.3	9.0	
Margin (%)	23.8	14.6	13.6	10.3	11.8	11.7	12.1	12.2	

Standalone - Balance Sheet								(INR m)	(INR m)
Y/E March	FY21	FY22	FY23	FY24	FY25	FY26	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	15,231	16,697	18,296	
Net Worth	7,924	9,898	11,689	12,671	14,025	15,334	16,800	18,398	
Total Loans	216	227	855	6	36	12	12	12	
Deferred Tax Liabilities	414	472	560	737	880	983	983	983	
Capital Employed	8,554	10,598	13,104	13,415	14,941	16,329	17,795	19,394	
Gross Block	5,315	7,663	9,013	13,307	13,572	13,995	14,795	15,695	
Less: Accum. Deprn.	1,026	1,374	1,825	2,415	3,127	3,844	4,620	5,442	
Net Fixed Assets	4,288	6,290	7,187	10,892	10,445	10,151	10,175	10,253	
Capital WIP	1,376	1,426	3,525	356	519	1,305	1,305	1,305	
Total Investments	302	0	0	0	0	506	506	506	
Curr. Assets, Loans&Adv.	5,486	5,997	5,207	4,589	6,924	6,992	8,668	10,417	
Inventory	1,219	1,645	1,837	1,720	1,648	1,221	1,330	1,436	
Account Receivables	2,280	2,767	2,584	2,217	2,307	2,305	2,510	2,711	
Cash and Bank Balance	1,260	626	182	314	2,041	2,017	3,250	4,566	
Loans and Advances	727	959	604	338	930	1,449	1,578	1,704	
Curr. Liability & Prov.	2,899	3,116	2,815	2,422	2,948	2,625	2,859	3,087	
Account Payables	1,790	2,285	1,897	1,719	1,772	1,512	1,646	1,778	
Other Current Liabilities	1,002	730	790	559	1,023	949	1,034	1,116	
Provisions	107	101	128	144	153	164	178	193	
Net Current Assets	2,587	2,882	2,392	2,167	3,977	4,367	5,809	7,330	
Appl. of Funds	8,554	10,598	13,104	13,415	14,941	16,329	17,795	19,394	

Financials and valuations

Ratios								
Y/E March	FY21	FY22	FY23	FY24	FY25	FY26	FY27E	FY28E
Basic (INR)								
EPS	57.9	44.0	44.7	29.1	36.3	35.2	39.5	43.1
EPS Growth (%)	57.0	-24.0	1.6	-34.9	24.8	-3.3	12.3	9.0
Cash EPS	63.6	50.8	53.5	40.6	50.3	49.2	54.6	59.1
BV/Share	155.3	193.7	228.6	247.7	273.9	299.5	328.1	359.3
DPS	16.0	10.0	10.0	10.0	10.0	9.7	10.9	11.8
Payout (%)	27.7	22.7	22.4	34.3	27.5	27.5	27.5	27.5
Valuation (x)								
P/E	30.4	40.0	39.3	60.4	48.4	50.0	44.5	40.8
Cash P/E	27.7	34.6	32.8	43.3	35.0	35.8	32.2	29.8
P/BV	11.3	9.1	7.7	7.1	6.4	5.9	5.4	4.9
EV/Sales	7.1	5.8	5.4	6.2	5.6	5.7	5.2	4.7
EV/EBITDA	20.7	27.5	26.3	35.8	30.2	30.9	27.7	25.2
Dividend Yield (%)	0.9	0.6	0.6	0.6	0.6	0.5	0.6	0.7
FCF per share	40.7	-8.1	-10.7	29.9	42.2	21.6	35.0	37.6
Return Ratios (%)								
RoE	44.4	25.2	21.2	12.2	13.9	12.3	12.6	12.5
RoCE	39.5	23.7	19.5	11.5	13.2	11.6	11.9	11.9
RoIC	51.4	30.5	24.7	12.7	13.1	12.7	14.0	15.0
Working Capital Ratios								
Fixed Asset Turnover (x)	2.9	2.9	2.5	1.6	1.5	1.5	1.6	1.8
Asset Turnover (x)	1.5	1.5	1.3	1.1	1.1	0.9	0.9	0.9
Inventory (Days)	36	39	40	44	38	29	29	29
Debtor (Days)	67	66	56	56	54	55	55	55
Creditor (Days)	53	54	41	44	41	36	36	36
Leverage Ratio (x)								
Current Ratio	1.9	1.9	1.8	1.9	2.3	2.7	3.0	3.4
Interest Cover Ratio	63.2	88.5	89.9	45.4	217.7	182.0	660.8	721.4
Net Debt/Equity	-0.1	0.0	0.1	0.0	-0.1	-0.1	-0.2	-0.2

Standalone - Cash Flow Statement

(INR m)

Y/E March	FY21	FY22	FY23	FY24	FY25	FY26	FY27E	FY28E
OP/(Loss) before Tax	4,007	3,021	3,086	2,025	2,486	2,435	2,702	2,946
Depreciation	291	348	452	589	712	717	776	822
Interest Expenses	63	38	33	42	10	12	4	4
Others	1	-48	55	34	-130	-166	0	0
Direct Taxes Paid	-1,012	-744	-714	-346	-503	-477	-680	-741
(Inc)/Dec in WC	290	-569	-428	403	55	-134	-209	-204
CF from Operations	3,640	2,046	2,484	2,747	2,631	2,386	2,593	2,825
(Inc)/Dec in FA	-1,561	-2,462	-3,030	-1,221	-469	-1,279	-800	-900
Free Cash Flow	2,079	-415	-546	1,527	2,162	1,106	1,793	1,925
Change in Investments	-587	369	237	-3	-1,537	-261	0	0
Others	21	36	22	9	51	169	0	0
CF from Investments	-2,127	-2,057	-2,771	-1,215	-1,955	-1,371	-800	-900
Issue of Shares	4	7	12	8	6	0	0	0
Inc/(Dec) in Debt	-381	-228	616	-848	30	-36	0	0
Interest Paid	-68	-40	-31	-43	-8	-10	-4	-4
Dividend Paid	-408	-306	-511	-511	-511	-512	-556	-606
Others	-11	-5	-6	-8	-8	-3	0	0
CF from Fin. Activity	-864	-572	80	-1,401	-492	-561	-559	-609
Inc/Dec of Cash	649	-582	-206	131	184	454	1,233	1,316
Opening Balance	312	961	379	172	304	488	942	2,175
Closing Balance	962	379	172	303	488	942	2,175	3,491

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

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

*In case the recommendation given by the Research Analyst is inconsistent with the investment rating legend for a continuous period of 30 days, the Research Analyst shall be within following 30 days take appropriate measures to make the recommendation consistent with the investment rating legend.

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