

Alkyl Amines Chemicals

BSE SENSEX
81,897

S&P CNX
24,972

CMP: INR2,160

TP: INR2,110 (-2%)

Neutral



Alkyl Amines Chemicals Limited

Stock Info

	AACL IN
Bloomberg	Equity Shares (m)
51	
M.Cap.(INRb)/(USD\$b)	110.4 / 1.3
52-Week Range (INR)	2499 / 1508
1, 6, 12 Rel. Per (%)	17/11/-4
12M Avg Val (INR M)	185
Free float (%)	28.0

Financials Snapshot (INR b)

Y/E March	FY25	FY26E	FY27E
Sales	15.7	17.3	19.4
EBITDA	2.9	3.3	3.7
PAT	1.9	2.1	2.4
EPS (INR)	36.3	41.1	46.9
EPS Gr. (%)	24.8	13.0	14.1
BV/Sh.(INR)	273.9	303.7	337.7

Ratios

Net D:E	-0.1	-0.1	-0.2
RoE (%)	13.9	14.2	14.6
RoCE (%)	13.2	13.4	13.9
Payout (%)	27.5	27.5	27.5

Valuations

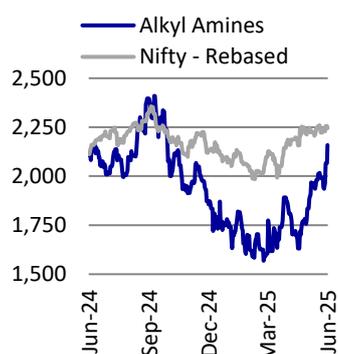
P/E (x)	59.3	52.5	46.0
P/BV (x)	7.9	7.1	6.4
EV/EBITDA (x)	37.2	33.2	28.7
Div. Yield (%)	0.5	0.5	0.6
FCF Yield (%)	2.0	0.7	1.5

Shareholding pattern (%)

As On	Mar-25	Dec-24	Mar-24
Promoter	72.0	72.0	72.0
DII	2.2	1.8	1.1
FII	3.2	3.2	3.0
Others	22.6	23.0	23.9

FII Includes depository receipts

Stock performance (one-year)



Building a resilient and scalable growth engine

- AAACL's management remains cautiously optimistic, leveraging strong domestic leadership and expanded capacities (DEK, DMA) to drive scalable growth. While short-term challenges persist from low-cost imports, anti-dumping duties are expected to aid margin recovery and market share in 2HFY26.
- AAACL increased its R&D spend to INR89m in FY25 (~0.6% of sales), focusing on new product development, process efficiency, and sustainability. It has developed three new products, one set for launch in FY26, with a growing emphasis on value-added innovation and environmental impact reduction.
- AAACL expanded aliphatic amines capacity by ~30% in FY24 and is entering higher-margin specialty products. We estimate a revenue/EPS CAGR of 11%/14% over FY25-27. However, pricing pressure from imports and certain commoditized products pose risks; we remain Neutral on the stock with a TP of INR2,110.

Preparing for the next wave of growth amid volatility

- Management maintains a cautiously optimistic outlook, backed by strong domestic leadership in amines and derivatives across the pharma, agrochemicals, and water treatment sectors. While exports, including ~5% to the US, form a smaller share, the company is steadily expanding its international footprint amid external headwinds and global market volatility.
- AAACL has been pursuing disciplined expansion focused on building long-term value through scale, innovation, and operational efficiency. The company has undertaken significant capacity additions across its plants to meet rising domestic and export demand. Key milestones include the expansion of the Di-Ethyl Ketone (DEK) capacity at Kurkumbh and the debottlenecking of Di-Methyl Amine (DMA) production at Dahej in FY25, reinforcing its commitment to proactive supply readiness and growth scalability.
- AAACL has been facing pricing pressure from cheap Acetonitrile imports, mainly from China. The company responded by filing an anti-dumping application, leading to provisional ADD on imports from China, Russia, and Taiwan in Mar'25 (final approval received in Jun'25). Near-term domestic demand has remained muted since then due to inventory front-loading. The real impact on pricing and market balance is anticipated in 2HFY26, offering AAACL a chance to regain market share and improve margins.

Driving innovation through chemistry

- Total R&D expenditure in FY25 was ~INR89m, with capex of INR2m (~INR2m in FY20) and revenue expenditure of ~INR87m (~INR41m in FY20). It increased its R&D investments at a 15% CAGR during FY20-25. As a % of sales, total R&D expenses accounted for ~0.6% (~0.4% in FY20).
- In terms of innovation, the R&D team has successfully developed three new products, with one slated for commercialization in FY26. Additionally, two performance specialty products have been developed and are under market evaluation before being scaled up. These efforts aim to transition the company from primarily volume-driven to a value-added innovation-led model.

- On the process side, AACL has been achieving notable improvements in yield and effluent reduction, particularly by developing techniques for recycling process streams. This has contributed to operational efficiency while also strengthening the company’s environmental footprint. In FY25, the company spent 0.36% of its total R&D expenses on reducing the environmental and social impact of the products it manufactures.

Valuation and view

- AACL boosted its aliphatic amines capacity by ~30% in FY24. The total capacity stands at ~200ktpa (including derivatives and specialty chemicals). Additionally, the company is venturing into new specialty products that are likely to improve its margins amid robust demand (near-term headwinds persist) for amine derivatives and specialties.
- Over FY25-27, we estimate ~11% revenue CAGR and a 14% EPS CAGR. The key risk to our outlook is high competition (domestic and imports, mainly from China), leading to limited pricing power. The commodity nature of some products could also make AACL susceptible to raw material price fluctuations. Upside risks are likely to stem from the benefits of the implementation of ADD in ACN.
- The stock is trading at 46x FY27E EPS of INR46.9 and ~29x FY27E EV/EBITDA. We reiterate our Neutral rating on AACL with a TP of INR2,110, based on 45x FY27E EPS.

Exhibit 1: Amines and Amines Derivatives contributed 79% to total revenue in FY25

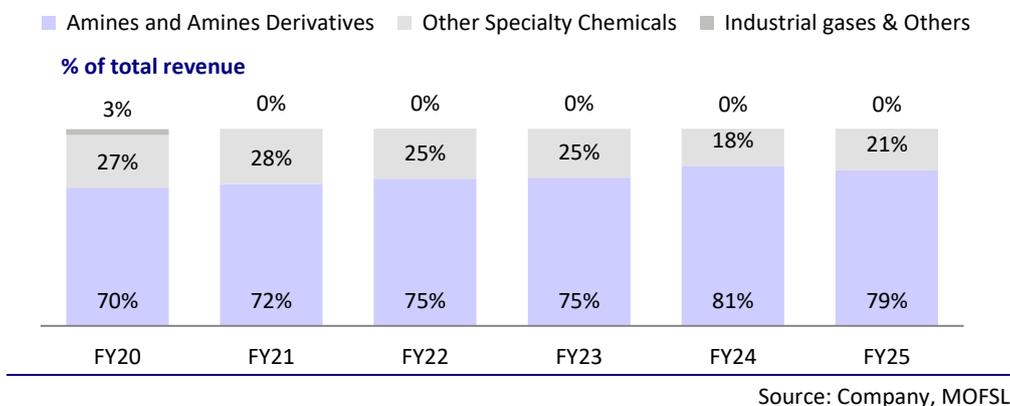


Exhibit 2: Pricing pressure continued in FY25

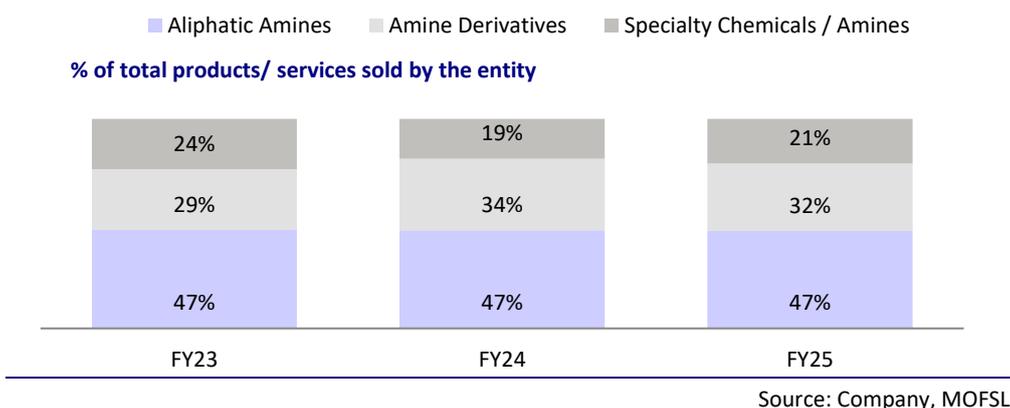
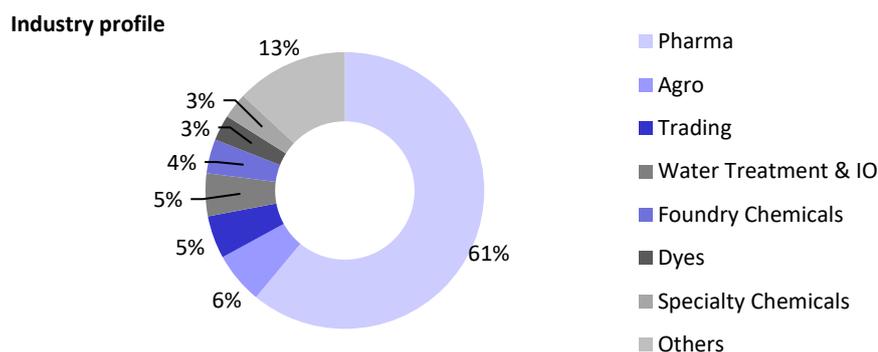


Exhibit 3: Agro and pharma are the major end-user industries for AACL



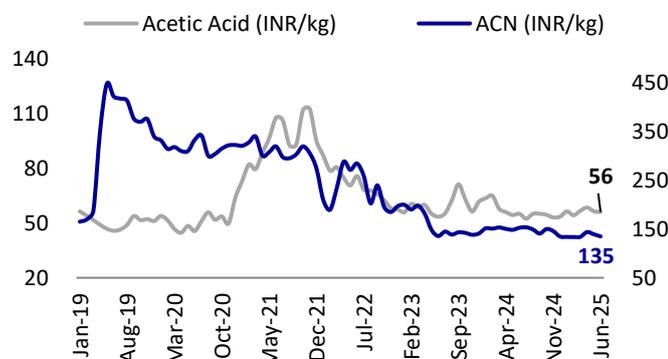
*As of FY20 though the mix has not changed much, according to management

Exhibit 4: AACL's diversified product portfolio

Aliphatic Amines	Amines Derivatives	Specialty Chemicals
<ul style="list-style-type: none"> • Methylamines • Ethylamines • N-Propylamines • Isopropylamines • N-Butylamines • Cyclohexylamines • Ethylhexylamines • Furfurylamine 	<ul style="list-style-type: none"> • Dimethylamine Hydrochloride (DMAHCL) • Diethylamine Hydrochloride (DEAHCL) • Triethylamine Hydrochloride (TEAHCL) • 3-Ethoxyl Propylamine (ETOPA) • 3-(Methylaminopropyl)amine (MAPA) • Dimethyl Amino Propylamine (DMAPA) • 3-2(-Ethylhexyloxy)Propylamine (2EHOPA) • N-Methylbenzylamine (NMBA) • N,N-Diisopropylethylamine (DIPEA) • Diethylhydroxylamine (DEHA) • Diethyl Toluamide (DEET) • Diethyl Phenyl Acetamide (DEPA) • Ethyl methyl amine (EMA) • Dimethyl isopropylamine (DMIPA) • N,N-Bis-(3-aminopropyl)-methylamine (MIBPA) 	<ul style="list-style-type: none"> • Acetonitrile • 1,8-Diazabicyclo[5.4.0]undec-7-ene (DBU) • Diethylketone (DEK)/3-Pentanone • Alchan 100 • Alchan 300 • 2-Aminoethoxyethanol (DGA) • 2-Ethoxyethylamine (EOEA) • Dimethyl Propylene Urea (DMPU) • Tetramethyl ethylenediamine (TMEDA) • Monomethylamine 25% in MEOH • Monomethylamine 30% in MEOH • Dimethylaminopropionitrile (DMAPN) • N-Benzylethanolamine (NBEA) • Morpholine • 1,5-Diazabicyclo[4.3.0]non-5-ene (DBN)

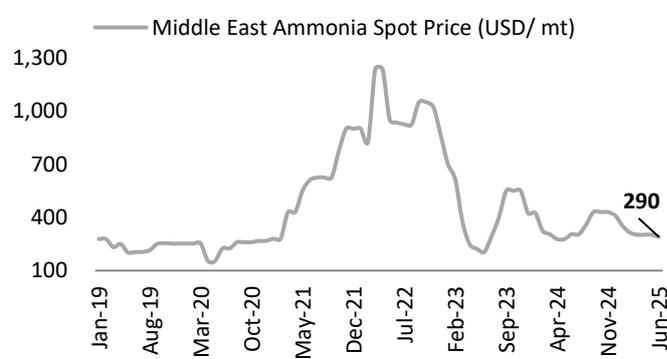
Source: Company, MOFSL

Exhibit 5: ACN prices up 4% QoQ, while Acetic Acid prices up 2% QoQ in 1QFY26'td



Source: IndianPetroChem, MOFSL

Exhibit 6: Ammonia prices down 8% QoQ in 1QFY26'td



Source: Bloomberg, MOFSL

Exhibit 7: Peer comparison for our coverage universe

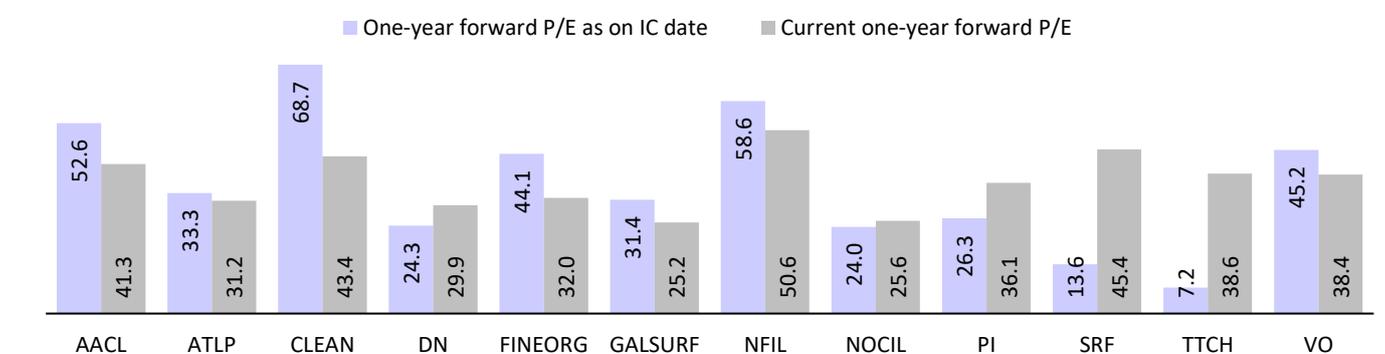
Spec Chem	Reco	TP (INR)	EPS (INR)			P/E (x)			P/BV (x)			EV/EBITDA (x)			ROE (%)		
			FY25	FY26E	FY27E	FY25	FY26E	FY27E	FY25	FY26E	FY27E	FY25	FY26E	FY27E	FY25	FY26E	FY27E
Alkyl Amines	Neutral	2,110	36.3	41.1	46.9	59.3	52.5	46.0	7.9	7.1	6.4	37.2	33.2	28.7	13.9	14.2	14.6
Atul	Buy	8,450	169.3	222.1	241.4	41.5	31.6	29.1	3.7	3.4	3.1	23.0	18.2	16.5	9.3	11.1	11.0
Blue Jet Healthcare	Buy	965	17.6	22.1	27.6	50.2	40.0	32.0	13.5	10.3	7.9	40.2	30.8	24.2	30.9	29.2	27.9
Clean Science	Neutral	1,260	24.9	34.0	42.0	58.2	42.6	34.5	10.9	8.9	7.3	39.6	31.7	25.5	20.2	23.0	23.4
Deepak Nitrite	Sell	1,650	51.1	61.5	66.1	37.4	31.1	28.9	4.8	4.3	3.8	24.6	21.1	19.5	13.7	14.6	13.9
Fine Organic	Sell	3,660	127.1	122.7	122.0	36.3	37.6	37.8	6.4	5.5	4.9	27.6	29.2	28.4	19.1	15.7	13.7
Galaxy Surfact.	Buy	3,180	86.0	93.2	106.0	29.2	26.9	23.7	3.8	3.4	3.1	18.2	16.6	14.7	13.4	13.3	13.7
Navin Fluorine	Neutral	5,060	58.2	89.4	112.4	81.4	53.0	42.1	9.0	7.9	6.9	46.6	33.0	27.0	11.5	15.8	17.4
NOCIL	Neutral	170	6.4	6.4	8.5	29.0	29.3	22.1	1.8	1.7	1.6	23.0	19.5	14.9	6.3	6.0	7.5
P I Industries	Buy	4,300	109.2	108.5	129.7	37.9	38.1	31.9	6.2	5.4	4.7	27.2	26.6	21.6	17.6	15.2	15.9
SRF	Buy	3,500	46.1	70.9	98.7	66.8	43.4	31.2	7.2	6.4	5.5	33.5	25.4	19.3	11.4	15.7	19.0
Tata Chemicals	Neutral	870	11.6	35.1	54.6	79.9	26.4	17.0	1.1	1.0	1.0	14.1	10.1	7.6	1.3	4.0	6.0
Vinati Organics	Buy	2,195	40.0	51.3	62.7	48.0	37.4	30.7	7.1	6.2	5.3	34.1	26.7	22.1	15.8	17.6	18.6

Source: Company, MOFSL

Exhibit 8: The sector is trading at a premium to its historical averages, except for the five-year average

Companies	Current	Average P/E (x)			Prem / Disc P/E (%)		
	P/E (x)	15 YR	10 YR	5 YR	15 YR	10 YR	5 YR
Chemicals	35.1	20.1	26.2	35.5	74.3	34.0	-1.2
Alkyl Amines	45.6	26.5	36.9	61.8	72.0	23.7	-26.2
Atul	31.8	23.1	31.2	43.8	37.9	1.9	-27.4
Clean Science	39.9	-	59.2	59.2	-	-32.5	-32.5
Deepak Nitrite	30.4	19.5	24.1	33.1	56.1	26.1	-8.3
Fine Organic	38.1	33.7	33.8	34.3	12.9	12.6	11.0
Galaxy Surfactants	25.9	26.3	26.3	29.3	-1.5	-1.2	-11.4
Navin Fluorine	49.4	26.6	37.7	59.2	86.0	31.0	-16.5
NOCIL	27.6	17.0	21.2	28.9	62.2	30.3	-4.3
P I Inds.	36.6	27.0	32.9	35.9	35.6	11.3	2.1
SRF	39.7	20.1	27.3	36.7	97.3	45.9	8.2
Tata Chemicals	23.4	13.8	18.6	28.0	70.0	25.7	-16.5
Vinati Organics	35.3	27.9	35.6	46.8	26.2	-1.1	-24.6

Source: Company, MOFSL

Exhibit 9: Sector currently trading at a 2% premium to what it was trading as per our sector/respective company IC date


Source: Company, MOFSL

Story in charts

Exhibit 10: Expect ~11% revenue CAGR over FY25-27...

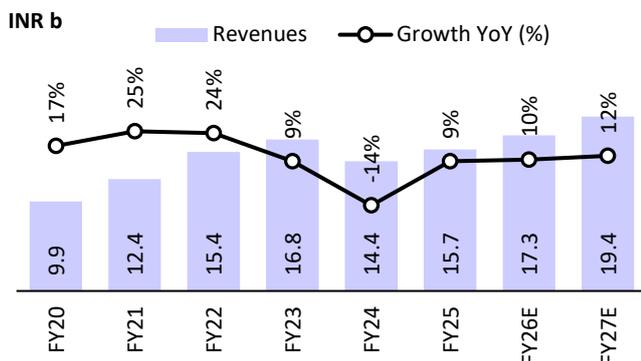


Exhibit 11: ...with revenue mix remaining mostly constant

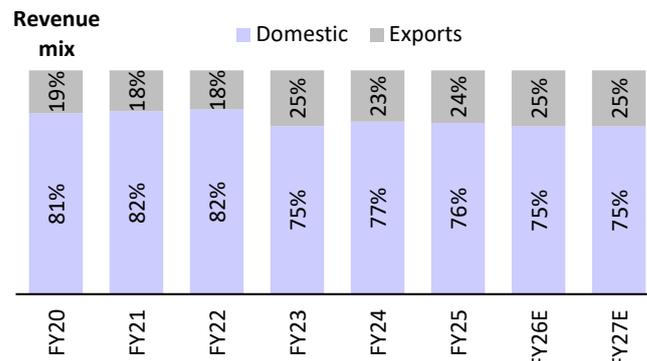


Exhibit 12: Expect EBITDA margin to improve to ~19.3%...

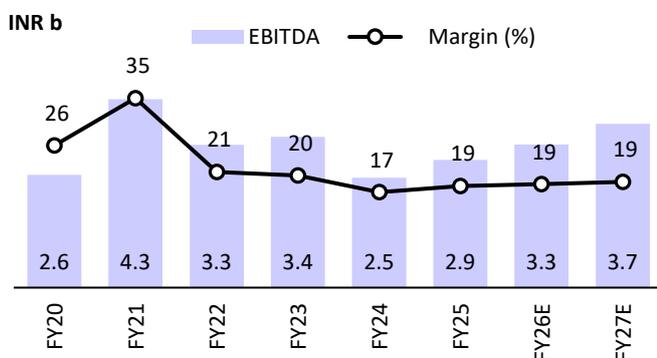


Exhibit 13: ...with PAT margin expanding vs. FY24

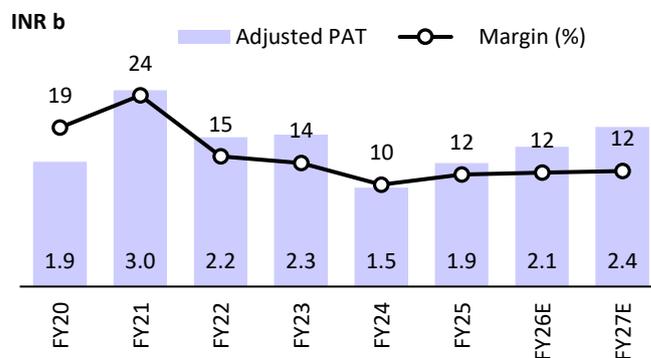


Exhibit 14: One-year forward P/E ratio trades at 45.6x...

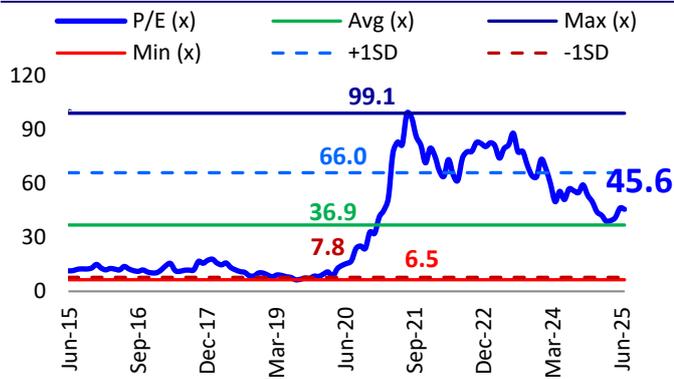


Exhibit 15: ...with return ratios at 13-15%

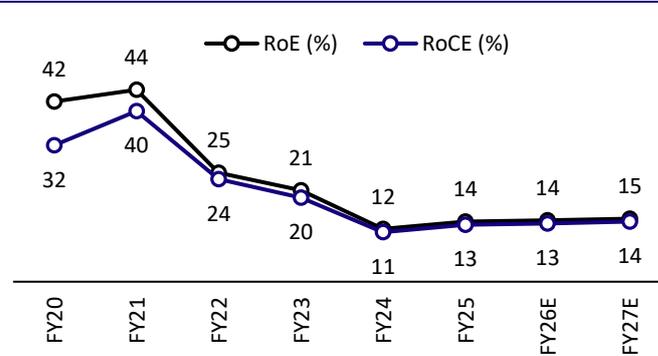


Exhibit 16: Expect strong FCF generation over FY26-27

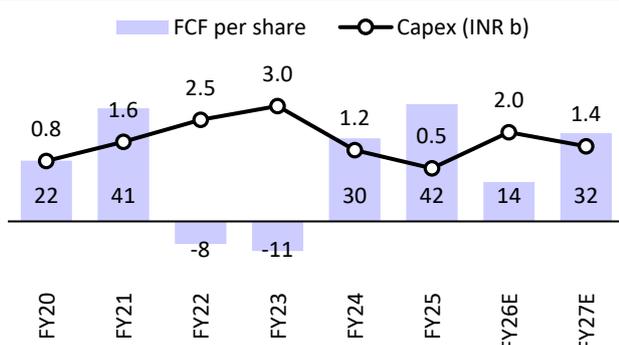
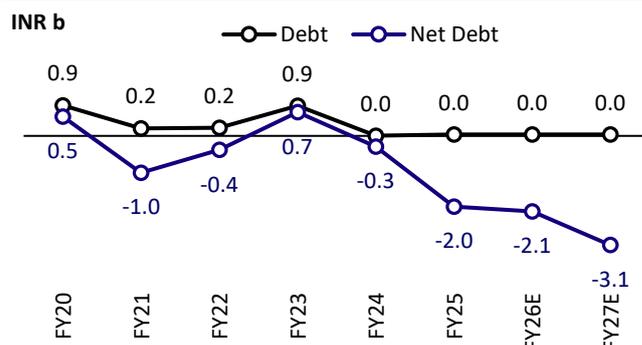


Exhibit 17: Expect AACL to remain net cash



Source: Company, MOFSL

Source: Company, MOFSL

Financials and valuations

Standalone - Income Statement

(INR m)

Y/E March	FY20	FY21	FY22	FY23	FY24	FY25	FY26E	FY27E
Total Income from Operations	9,929	12,424	15,420	16,831	14,406	15,718	17,290	19,365
Change (%)	17.3	25.1	24.1	9.1	-14.4	9.1	10.0	12.0
Gross Margin (%)	51.2	57.9	45.8	48.9	46.7	46.6	47.0	47.3
EBITDA	2,570	4,291	3,252	3,439	2,506	2,911	3,262	3,733
Margin (%)	25.9	34.5	21.1	20.4	17.4	18.5	18.9	19.3
Depreciation	269	291	348	452	589	712	756	843
EBIT	2,301	4,001	2,904	2,987	1,916	2,199	2,506	2,890
Int. and Finance Charges	103	63	33	33	42	10	12	14
Other Income	70	70	150	132	151	298	316	332
PBT bef. EO Exp.	2,269	4,007	3,021	3,086	2,025	2,486	2,811	3,208
EO Items	328	0	0	0	0	0	0	0
PBT after EO Exp.	2,597	4,007	3,021	3,086	2,025	2,486	2,811	3,208
Total Tax	444	1,054	772	799	535	625	707	807
Tax Rate (%)	17.1	26.3	25.6	25.9	26.4	25.1	25.2	25.2
Reported PAT	2,153	2,953	2,249	2,287	1,489	1,861	2,103	2,400
Adjusted PAT	1,881	2,953	2,249	2,287	1,489	1,861	2,103	2,400
Change (%)	124.5	57.0	-23.9	1.7	-34.9	25.0	13.0	14.1
Margin (%)	18.9	23.8	14.6	13.6	10.3	11.8	12.2	12.4

Standalone - Balance Sheet

(INR m)

Y/E March	FY20	FY21	FY22	FY23	FY24	FY25	FY26E	FY27E
Equity Share Capital	102	102	102	102	102	102	102	102
Total Reserves	5,264	7,822	9,796	11,587	12,569	13,923	15,448	17,188
Net Worth	5,366	7,924	9,898	11,689	12,671	14,025	15,550	17,291
Total Loans	866	216	227	855	6	36	36	36
Deferred Tax Liabilities	404	414	472	560	737	880	880	880
Capital Employed	6,636	8,554	10,598	13,104	13,415	14,941	16,466	18,207
Gross Block	4,971	5,315	7,663	9,013	13,307	13,572	15,522	16,897
Less: Accum. Deprn.	736	1,026	1,374	1,825	2,415	3,127	3,883	4,726
Net Fixed Assets	4,235	4,288	6,290	7,187	10,892	10,445	11,639	12,171
Capital WIP	449	1,376	1,426	3,525	356	519	519	519
Total Investments	0	302	0	0	0	0	0	0
Curr. Assets, Loans&Adv.	3,150	5,486	5,997	5,207	4,589	6,924	7,551	9,148
Inventory	837	1,219	1,645	1,837	1,720	1,648	1,813	2,030
Account Receivables	1,642	2,280	2,767	2,584	2,217	2,307	2,537	2,842
Cash and Bank Balance	323	1,260	626	182	314	2,041	2,179	3,132
Cash	312	961	379	172	304	488	626	1,579
Bank Balance	10	299	247	10	10	1,553	1,553	1,553
Loans and Advances	349	727	959	604	338	930	1,022	1,145
Curr. Liability & Prov.	1,198	2,899	3,116	2,815	2,422	2,948	3,242	3,631
Account Payables	748	1,790	2,285	1,897	1,719	1,772	1,950	2,183
Other Current Liabilities	354	1,002	730	790	559	1,023	1,125	1,260
Provisions	97	107	101	128	144	153	168	188
Net Current Assets	1,952	2,587	2,882	2,392	2,167	3,977	4,308	5,517
Appl. of Funds	6,635	8,554	10,598	13,104	13,415	14,941	16,466	18,207

Financials and valuations

Ratios

Y/E March	FY20	FY21	FY22	FY23	FY24	FY25	FY26E	FY27E
Basic (INR)								
EPS	36.9	57.9	44.0	44.7	29.1	36.3	41.1	46.9
EPS Growth (%)	124.5	57.0	-24.0	1.6	-34.9	24.8	13.0	14.1
Cash EPS	42.1	63.6	50.8	53.5	40.6	50.3	55.9	63.3
BV/Share	105.2	155.3	193.7	228.6	247.7	273.9	303.7	337.7
DPS	8.7	16.0	10.0	10.0	10.0	10.0	11.3	12.9
Payout (%)	20.6	27.7	22.7	22.4	34.3	27.5	27.5	27.5
Valuation (x)								
P/E	58.5	37.3	49.0	48.2	74.1	59.3	52.5	46.0
Cash P/E	51.2	33.9	42.5	40.3	53.1	42.9	38.6	34.0
P/BV	20.5	13.9	11.1	9.4	8.7	7.9	7.1	6.4
EV/Sales	11.1	8.8	7.1	6.6	7.6	6.9	6.3	5.5
EV/EBITDA	43.0	25.4	33.8	32.3	43.9	37.2	33.2	28.7
Dividend Yield (%)	0.4	0.7	0.5	0.5	0.5	0.5	0.5	0.6
FCF per share	21.8	40.7	-8.1	-10.7	29.9	42.2	14.2	31.8
Return Ratios (%)								
RoE	41.7	44.4	25.2	21.2	12.2	13.9	14.2	14.6
RoCE	31.6	39.5	23.7	19.5	11.5	13.2	13.4	13.9
RoIC	34.6	51.4	30.5	24.7	12.7	13.1	14.3	15.3
Working Capital Ratios								
Fixed Asset Turnover (x)	2.5	2.9	2.9	2.5	1.6	1.5	1.6	1.6
Asset Turnover (x)	1.5	1.5	1.5	1.3	1.1	1.1	1.1	1.1
Inventory (Days)	31	36	39	40	44	38	38	38
Debtor (Days)	60	67	66	56	56	54	54	54
Creditor (Days)	27	53	54	41	44	41	41	41
Leverage Ratio (x)								
Current Ratio	2.6	1.9	1.9	1.8	1.9	2.3	2.3	2.5
Interest Cover Ratio	22.4	63.2	88.5	89.9	45.4	217.7	214.2	200.7
Net Debt/Equity	0.1	-0.1	0.0	0.1	0.0	-0.1	-0.1	-0.2

Standalone - Cash Flow Statement

(INR m)

Y/E March	FY20	FY21	FY22	FY23	FY24	FY25	FY26E	FY27E
OP/(Loss) before Tax	2,597	4,007	3,021	3,086	2,025	2,486	2,811	3,208
Depreciation	269	291	348	452	589	712	756	843
Interest Expenses	103	63	38	33	42	10	12	14
Others	-308	1	-48	55	34	-130	0	0
Direct Taxes Paid	-581	-1,012	-744	-714	-346	-503	-707	-807
(Inc)/Dec in WC	-193	290	-569	-428	403	55	-194	-256
CF from Operations	1,886	3,640	2,046	2,484	2,747	2,631	2,678	3,002
(Inc)/Dec in FA	-771	-1,561	-2,462	-3,030	-1,221	-469	-1,950	-1,375
Free Cash Flow	1,115	2,079	-415	-546	1,527	2,162	728	1,627
Change in Investments	343	-587	369	237	-3	-1,537	0	0
Others	22	21	36	22	9	51	0	0
CF from Investments	-407	-2,127	-2,057	-2,771	-1,215	-1,955	-1,950	-1,375
Issue of Shares	0	4	7	12	8	6	0	0
Inc/(Dec) in Debt	-797	-381	-228	616	-848	30	0	0
Interest Paid	-107	-68	-40	-31	-43	-8	-12	-14
Dividend Paid	-443	-408	-306	-511	-511	-511	-578	-660
Others	-13	-11	-5	-6	-8	-8	0	0
CF from Fin. Activity	-1,360	-864	-572	80	-1,401	-492	-590	-674
Inc/Dec of Cash	119	649	-582	-206	131	184	138	953
Opening Balance	193	312	961	379	172	304	488	626
Closing Balance	313	962	379	172	303	488	626	1,579

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NOTES

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BUY	>=15%
SELL	< - 10%
NEUTRAL	< - 10 % to 15%
UNDER REVIEW	Rating may undergo a change
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