

Alkyl Amines Chemicals

Estimate changes

TP change

Rating change



Bloomberg	AACL IN
Equity Shares (m)	51
M.Cap.(INRb)/(USD\$)	87.9 / 1
52-Week Range (INR)	2499 / 1508
1, 6, 12 Rel. Per (%)	-10/-18/-26
12M Avg Val (INR M)	185

Financials & Valuations (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)	47.2	41.7	36.6
P/BV (x)	6.3	5.6	5.1
EV/EBITDA (x)	29.5	26.2	22.7
Div. Yield (%)	0.6	0.7	0.8
FCF Yield (%)	2.5	0.8	1.9

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

CMP: INR1,718

TP: INR1,640 (-5%)

Neutral

Volume-led growth to persist; pricing pressure sustains

- Alkyl Amines Chemicals (AACL)'s 4QFY25 revenue increased 8% YoY to INR3.9b. The growth was mainly volume-driven, though the company continues to face pricing pressure. Gross margin dipped 330bp YoY to 45.9%, while EBITDAM stood at 17.6%. PAT came in at INR460m vs. our estimate of INR522m. Exports contributed 25% of the total revenue in FY25.
- AACL reported 13% YoY volume growth in FY25 (15% in 4QFY25), but top-line growth was muted due to continued pricing pressure (-4% YoY in FY25). Pharma demand stayed stable, while agrochem demand remained volatile amid industry-wide capacity expansions. Average capacity utilization currently stands at 65-70% for the company.
- Despite an oversupplied market and declining product prices, AACL maintained stable EBITDA margins at 18.5% in FY25, aided by falling raw material costs. Specialty chemicals faced margin stress due to Chinese dumping, but overall profitability remained intact. Prices have been subdued in the amines segment with excess supply in the domestic market.
- The company plans to invest INR1.5b in FY26, including INR1.0-1.2b at the Dahej site, with mechanical completion of the project expected by Dec'25/Jan'26. All projects are on track, with a focus on future volume growth and new product development. There are some other products, which are in the pipeline for which FID will be taken in due course of time.
- Given the lower-than-estimated 4QFY25, we cut our revenue/EBITDA/PAT estimates by 5%/11%/11% for FY26 and by 7%/13%/13% for FY27. We expect a revenue/EBITDA/EPS CAGR of 11%/13%/14% during FY25-27. **We reiterate our Neutral rating on AACL with a TP of INR1,640, based on 35x FY27E EPS.**

Operating performance below est.; margin contracts

- AACL's 4QFY25 revenue was INR3.9b (1% below our est., +8% YoY). **Gross margin dipped 330bp YoY to 45.9%, with EBITDAM at 17.6% (-170bp YoY).**
- EBITDA came in at INR678m (est. of INR820m, -2% YoY). PAT stood at INR460m (est. of INR522m, +20% YoY).
- For FY25**, revenue stood at INR15.7b (+9% YoY), EBITDA came in at INR2.9b (+16% YoY), and PAT was at INR1.9b (+25% YoY). EBITDAM was at 18.6% (+110bp YoY).
- The Board declared a final dividend of INR10 per equity share for FY25.

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, AACL 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.

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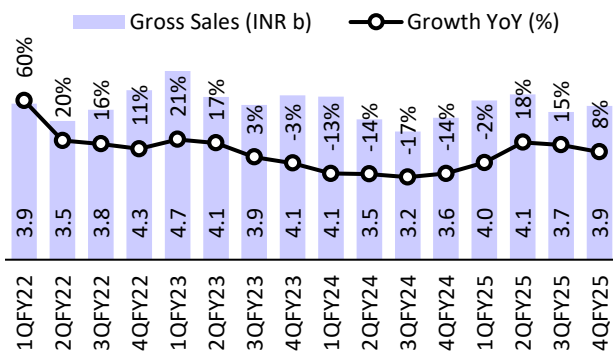
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- Over FY25-27, we estimate a ~11% revenue CAGR and a 14% EPS CAGR. The key risk to our outlook is high competition (domestic and imports, mainly from China), leading to limited pricing power. The commodity nature of some products could also make AACL susceptible to raw material price fluctuations. Upside risks could come from the implementation of ADD.
- The stock is trading at ~37x FY27E EPS of INR46.9 and ~23x FY27E EV/EBITDA. We reiterate our Neutral rating on AACL with a TP of INR1,640, based on 35x FY27E EPS.

Standalone - Quarterly Snapshot

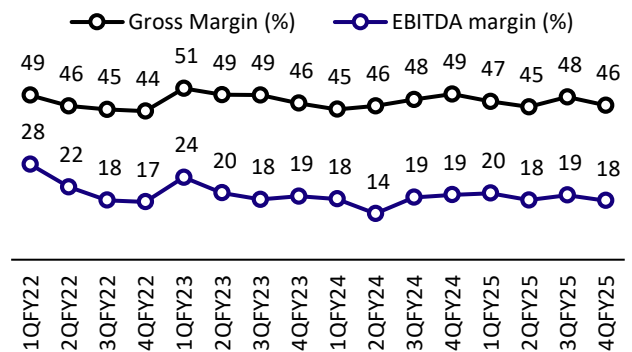
Y/E March	FY24				FY25				FY24	FY25	FY25	Var.
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q			4QE	(%)
Gross Sales	4,098	3,522	3,221	3,566	3,997	4,149	3,712	3,861	14,406	15,718	3,917	-1%
YoY Change (%)	-13.5	-13.9	-17.1	-13.5	-2.5	17.8	15.3	8.3	-14.4	9.1	9.8	
Gross Margin (%)	44.7%	45.7%	47.6%	49.2%	47.0%	45.4%	48.4%	45.9%	46.7%	46.6%	49.4%	-3.5%
EBITDA	740	483	596	689	791	735	712	678	2,507	2,911	820	-17%
Margin (%)	18.1	13.7	18.5	19.3	19.8	17.7	19.2	17.6	17.4	18.5	20.9	-3.4
Depreciation	122	125	168	174	177	180	179	176	589	712	193	
Interest	9	17	11	7	2	4	9	2	44	10	5	
Other Income	55	24	46	26	47	92	66	93	151	298	81	
PBT before EO expense	664	364	463	533	659	643	591	594	2,025	2,486	703	-16%
PBT	664	364	463	533	659	643	591	594	2,025	2,486	703	-16%
Tax	166	92	129	149	170	169	153	133	536	625	180	
Rate (%)	25.0	25.2	27.8	27.9	25.9	26.2	25.9	22.5	26.5	25.1	25.7	
Adj PAT	498	272	334	385	489	475	438	460	1,489	1,861	522	-12%
YoY Change (%)	-39.2	-48.0	-26.8	-20.9	-1.8	74.2	30.9	19.7	-34.9	25.0	35.9	
Margin (%)	12.1	7.7	10.4	10.8	12.2	11.4	11.8	11.9	10.3	11.8	13.3	-1.4

Exhibit 1: Sales up 8% YoY at INR3.9b



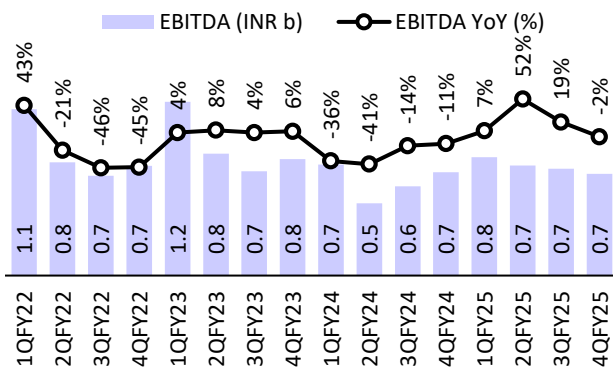
Source: Company, MOFSL

Exhibit 2: Margins contracted YoY



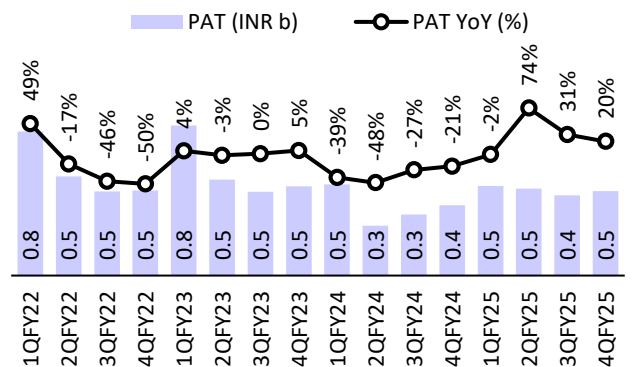
Source: Company, MOFSL

Exhibit 3: EBITDA down 2% YoY to INR678m



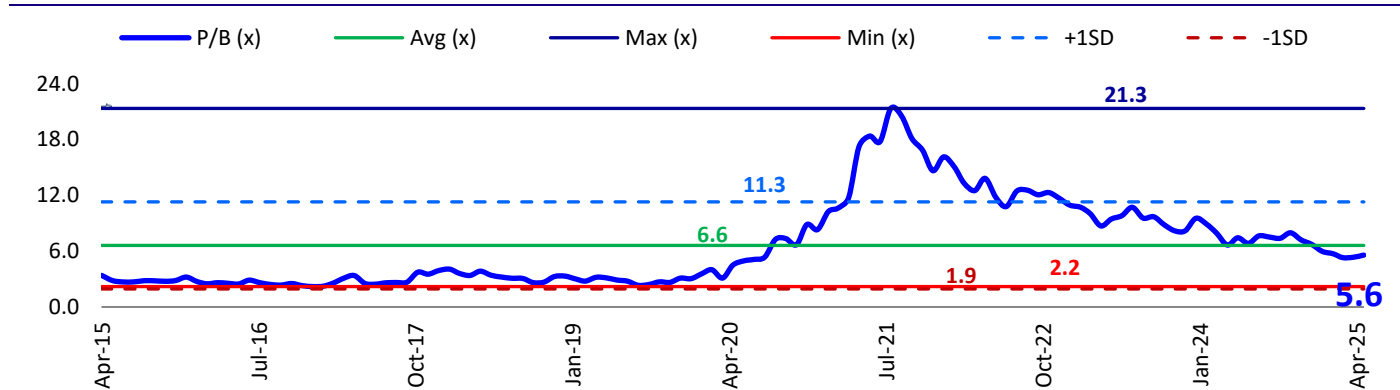
Source: Company, MOFSL

Exhibit 4: PAT up 20% YoY to INR460m



Source: Company, MOFSL

Exhibit 5: One-year forward P/B trades at 5.6x (15% discount to its long-term average)



Source: Company, MOFSL



Earnings concall highlights

- Modest growth in top line in FY25, but significant growth in volume; pricing pressure has negated the volume growth
- Volume growth was 4-5% QoQ while YoY growth at 15% in 4QFY25; Vols. growth of 13% for FY25
- Prices have dropped YoY, but QoQ product prices were stable in 4QFY25
- ❖ Ethylamines and Methylamines prices are under pressure because of the demand-supply situation
- Pharma demand remains stable while volatility in the demand from the agrochem industry
- Had expanded capacity last year, with competitors also having capacity- have an oversupply situation currently
- ❖ ACN prices were under pressure because of Chinese dumping; prices for AACL at INR140-150/kg
- Prices of the RMs have also been going down impact of which was seen on the EBITDAM
- All the capex projects at the Dahej side are moving as planned; mechanical completion expected in Dec'25/ Jan'26
- The project announced last year with INR1b capex in Dahej is progressing well
- Some other products are already in the pipeline for which FIDs have not been completed
- ADD on ACN: DGTR has announced it, final approval would come from the Ministry of Finance within 90-100 days
- GLP drug demand is rising, but it is still a very nascent stage for the segment; management will assess as and when inquiries come
- Average utilization at 65-70%
- Capex guidance of INR1.5b in FY26
- Exports contributed 25% of total revenue in FY25
- Amines contributed 50%, derivatives contributed 30%, and Specialty contributed 20%
- Double-digit volume growth guidance for FY26, while pricing pressure is expected to persist

Financial story in charts

Exhibit 6: Expect ~11% revenue CAGR over FY25-27

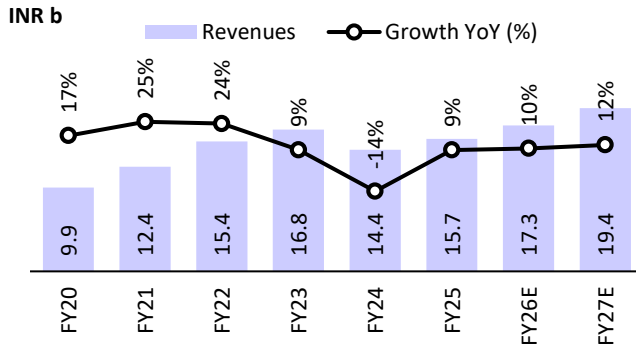


Exhibit 7: Export share to be 25% of total revenue

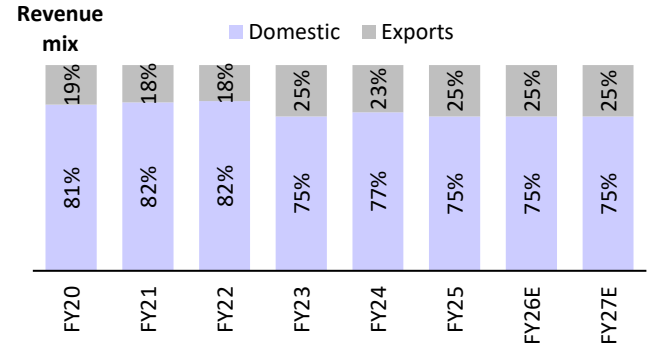


Exhibit 8: EBITDA margin to rebound to 19.3% by FY27

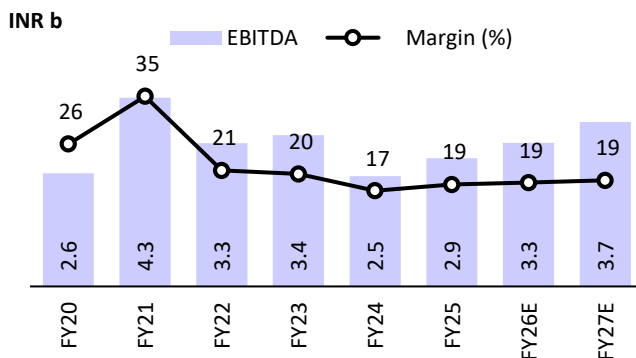


Exhibit 9: PAT margin to be 12.4% in FY27

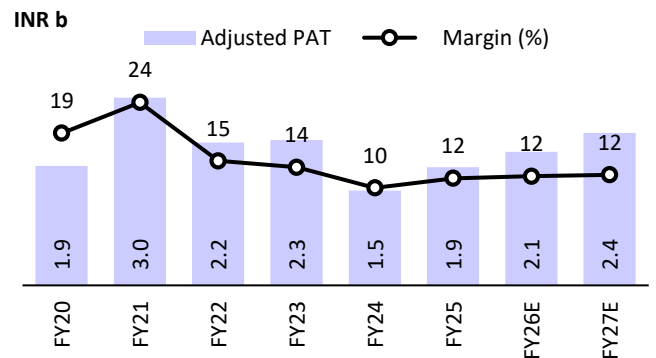


Exhibit 10: One-year forward P/E trades at 36.6x

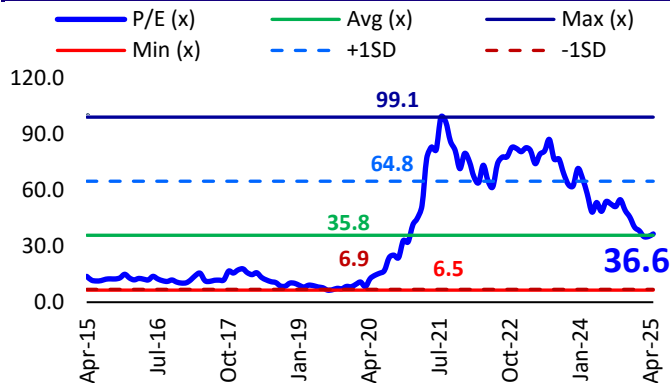


Exhibit 11: Return ratios

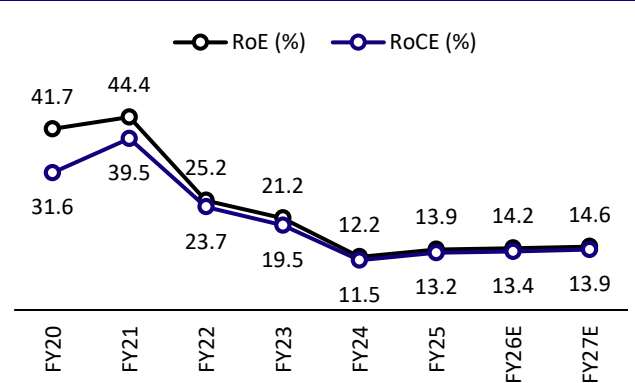


Exhibit 12: FCF generation over FY26-27

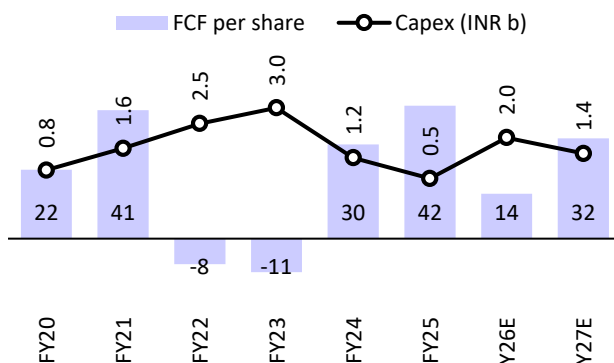
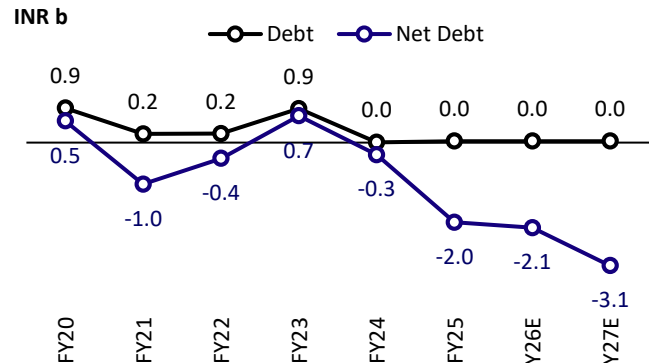


Exhibit 13: AACL expected to remain a net cash company



Source: Company, MOFSL

Source: Company, MOFSL

Financials and valuations

Standalone - Income Statement

(INR m)

Y/E March	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	46.5	29.6	39.0	38.3	58.9	47.2	41.7	36.6
Cash P/E	40.7	27.0	33.7	32.0	42.2	34.1	30.7	27.1
P/BV	16.3	11.0	8.9	7.5	6.9	6.3	5.6	5.1
EV/Sales	8.9	7.0	5.7	5.2	6.1	5.5	5.0	4.4
EV/EBITDA	34.2	20.1	26.8	25.7	34.9	29.5	26.2	22.7
Dividend Yield (%)	0.5	0.9	0.6	0.6	0.6	0.6	0.7	0.8
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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SELL	< - 10%
NEUTRAL	< - 10 % to 15%
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