

RECOMMENDATION SNAPSHOT				
*CMP	MCap (Rsbn)	Recommendation	Target	Potential Upside
Rs1733	88.6	Hold	Rs1950	12%

*as on 07th May, 2026

About the Company:

Alkyl Amines Chemicals Ltd (AACL) is in the business of manufacturing and marketing various aliphatic amines, amine derivatives and other speciality chemicals for the last 30 years. It was incorporated in 1979 by Mr. Yogesh Kothari with the idea of making India self-sufficient in Aliphatic Amines. AACL is a global supplier of amines and amine-based chemicals to the pharmaceutical, agrochemical, rubber chemical and water treatment industries, among others. It has established a leading position in the domestic market and presence in the international market with a reputation for reliable service and quality products.

Results: Quick Glance:

- The net sales for the quarter under review reported a flat growth of 0.2% to Rs3,869mn as compared to Rs3,861mn in the same quarter last year
- The Ebitda margins for the quarter under review stood at 18.2% as against 17.6% in Q4FY25
- The net profit came in at Rs454mn as against Rs460mn in the comparative quarter last year
- The EPS for the quarter under review stood at Rs8.8 as compared to Rs9.0 in the corresponding period last year
- For FY26, the revenues came in at Rs15,359mn as compared to Rs15,718mn; drop of 2.3% while the PAT stood at Rs1,800mn as against Rs1,861mn. The EPS came in at Rs35.20 as against Rs36.40 in FY25
- The Board has recommended a final dividend of Rs10 per equity share of FV of Rs2 each for FY26

Conference Call Highlights:

- The quarter as well as the full year witnessed challenges for the company on account of the geopolitical unrest and ammonia supply concerns which were faced in March. Although the Management was expecting some optimism but the industry did not witness growth at a faster pace which led to an overall flattish performance for AACL. In terms of volume and price, each reported a drop of ~1% for FY26. Despite these concerns, the company managed to retain the market share for its products
- On 16th March, 2026, the company was facing challenges in procuring ammonia, a key raw material used in the manufacture of methylamines, ethylamines, and their derivatives on account of which the company had temporarily constrained/suspended (Force majeure) the manufacturing of these products at its Patalganga, Kurkumbh, and Dahej sites. The manufacturing of other products at these sites, where ammonia is not required continued to function. In the latest update in 24th Apr'26, even though the overall ammonia supply situation continued to remain uncertain and dynamic, it has improved enough that enabled the company to restart the production of ammonia-based products in a gradual manner at these sites. These concerns raised the sourcing prices of ammonia from ~Rs50 per kg to ~Rs100 per kg as on date. All the contracts with the suppliers are of short-term in nature. At present, the average capacity utilisation across these sites stands at ~60-85%; the Management doesn't intend to invest any further capex for the existing production capacities (only maintenance capex would be needed to the tune of ~Rs300mn)
- With regard to the **new product development** at Kurkumbh plant (for an import substitute product), this was expected to be commissioned in Q1FY27 with mechanical completion to be done by Feb/Mar'26; but the company has faced slight delay in the same and now anticipates the mechanical completion to be completed towards the end of June
- In terms of development pertaining to anti-dumping duty related to Acetonitrile (**ACN**), the entire benefit for AACL would take sometime to materialise; however, the prices for ACN towards the year end improved for the company and stood at ~Rs200 per kg as against ~Rs140-150 per kg (average price last year). The Indian market size for ACN at present is at ~30,000 tonnes. ACN has seen an overall improvement in terms of reduction in its import and for the company in specific, the market share is increasing gradually. The Management expects optimism in terms of growth opportunity from peptides which is yet to be materialised (the company has already supplied materials to the players)
- The Management indicated that the margins for ethylamine have improved whereas due to the issues related to ammonia sourcing, methylamine faced a temporary disruption in its margins. The competitive intensity has slightly increased for AACL in terms of methylamine due to the new entrant, Aarti Drugs in this domain

Conference Call Highlights (contd.):

- The company already has more than 12 products in its R&D pipeline; some of which are either in the research stage or final stages. All these new product developments are primarily catered to the end-user industry of specialty chemicals, rubber chemicals, water treatments, agrochemical, drugs, lifescience industry to mention a few. The Management expects to launch 1 product in the market probably in July. The Management would undertake a cautious call in terms of investment for any new products depending on the market sentiments. The company also intends to explore for new products for methyl derivatives which are already there in the product pipeline

Financials:

Performance (Q4&FY26)									
Q4&FY26 Result (Rs mn)	Mar-26	Mar-25	y-o-y	Dec-25	q-o-q	FY26	FY25	y-o-y	FY27E
Total Revenue	3869	3861	0.2%	3540	9.3%	15359	15718	(2.3%)	16275
EBITDA	707	678	4.2%	672	5.3%	2846	2911	(2.2%)	2995
Other Income	83	93	(11.3%)	80	3.2%	317	298	6.2%	327
Interest	3	2	70.6%	2	20.8%	12	10	15.8%	12
Depreciation	179	176	1.6%	177	1.1%	717	712	0.6%	764
Exceptional Items	0	0	-	0	-	0	0	-	0
Tax	154	133	15.6%	150	2.9%	635	625	1.5%	662
Net Profit	454	460	(1.4%)	423	7.4%	1800	1861	(3.3%)	1884

Outlook and Recommendations:

The company has reported an overall flat performance both on the topline and profitability for the quarter as well as FY26; the Management had already indicated in Q2FY26 that the full year performance won't be as per the internal estimates that were set earlier for achieving a growth of ~10-15%. Revenues in Q4FY26 reported a flat growth of ~0.2% whereas in FY26 the revenues de-grew by ~2.3%. On account of the geopolitical concerns coupled with the issues pertaining to ammonia sourcing, there was slight pressure on the raw material availability alongwith increased price levels; thus, in order to protect the margins, the company accordingly undertook a proportionate increase in the prices of its finished goods as well. Therefore, the Ebitda margins for the quarter under review stood at ~18.2% as against 17.6% in Q4FY25. Going forward as and when the external factors in terms of war ease out, the Management is of the opinion to further improve the margins from the current levels. In terms of guidance for FY27E; the Management expects a volume growth of ~5-10% (try and be in sync with the GDP growth rate). As far as the end-user industry contribution is concerned, pharma continues to account for a larger share at ~50-60% of the overall sales and ~15-20% is directed towards agrochemicals. The company anticipates some challenges to be witnessed in the ag-chem sector due to monsoon cycle and effects of El Nino. Despite the uncertain situation in terms of sourcing ammonia, the company was in a position to source the same even beyond March although at elevated price levels (which was a pass through); hence the company is also keenly looking at alternate sources (green ammonia) if the prices are competitive with the traditional approach. All the sites at present are functioning at a capacity utilisation of ~60-85% and the company doesn't anticipate any further investments in capex (except maintenance capex) unless the sentiments deem fit for any new product developments. The mechanical completion for the product at Kurkumbh plant is expected to be completed towards the end of June. In addition to this, the company is also working on couple of products which are under the R&D pipeline for which a strategic investment decision would be evaluated by the Board over the next couple of quarters as and when the same appears to be attractive for the entire business domain. The company continues to maintain a debt-free status. The Management anticipates the external factors to ease over the next couple of quarters. Growth from the new product developments, positivity expected from the peptide related developments in the pharma sector will take some time to start fructifying for the company; thus, we continue to maintain a hold on the stock and retain our target price of Rs1950.

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