

Alkyl Amines

ADD spurs acetonitrile ramp-up

Alkyl Amines Chemicals' (AACL) stock has run up more than 20% in the past week following the MoF order imposing an antidumping duty (ADD) on acetonitrile imports from China, Russia, and Taiwan. In FY25, India had imported ~19-20KTPA worth ~USD34mn (~INR3bn) of acetonitrile from these countries. We believe AACL will seize this opportunity, given its acetonitrile plant is underutilized. We had anticipated a gradual ramp-up in plant capacity utilization. However, following this latest development, we expect the ramp-up to be expedited, with capacity becoming fully utilized by FY27. Acetonitrile prices, along with their spread over key raw materials, have dropped to their lowest levels in six years. Following this duty, we expect realization to improve as well. Our EBITDA/APAT estimates have increased by 9.3/14.7/16.1% for FY26/27/28. However, we find the surge in stock price unwarranted. The stock is trading at 56.6/39.7/32.4x FY26/27/28. It is contextually high, given the EPS CAGR of 24% over FY25 to FY28 and RoE of 18.7% in FY28. Hence, we maintain **REDUCE** with a target price of INR1,971.

Final imposition of anti-dumping investigation on acetonitrile imports

The ministry of finance (MoF) has passed an order imposing antidumping duty on acetonitrile imports from China, Russia, and Taiwan. The duty ranges from USD200/MT (~INR17/kg) to USD480/MT (~INR42/kg) for a period of five years. In FY25, India imported 19-20KTPA of acetonitrile at an average price of ~USD1.5-2/kg (INR150-160/kg). China is the largest exporter of acetonitrile to India with ~70% share in FY25 and it is largely pharma grade. AACL can seize this opportunity as its existing acetonitrile plant is underutilized. The average realizations of imported acetonitrile from China, Russia, and Taiwan were ~INR 150-160/kg, INR90-100/kg and INR160-170/kg. After adding the duty, the price of imported acetonitrile will increase from INR100-170 to INR120-200/kg, depending on the country of origin and the grade of the acetonitrile.

The landed price of dumped imports was consistently below the selling price of the domestic industry, resulting in "positive price undercutting". The ADD has been imposed on acetonitrile and its various chemical equivalents, including MeCN (Methyl Cyanide), Cyanomethane, Ethanenitrile, and Methanecarbonitrile. Basically, the duty covers acetonitrile at any level of purity.

Financial summary

Year Ending March (Rs mn)	4Q FY25	3Q FY25	QoQ (%)	4Q FY24	YoY (%)	FY24	FY25P	FY26E	FY27E	FY28E
Net Sales	3,861	3,712	4.0	3,566	8.3	14,406	15,718	18,176	22,763	27,371
EBITDA	678	712	(4.8)	689	(1.5)	2,507	2,911	3,322	4,612	5,651
APAT	460	438	5.2	385	19.7	1,489	1,861	2,050	2,921	3,581
Diluted EPS (Rs)	9.0	8.6	5.2	7.5	19.7	29.1	36.4	40.1	57.1	70.1
P/E (x)						77.9	62.3	56.6	39.7	32.4
EV / EBITDA (x)						46.2	39.2	34.2	24.9	20.1
RoE (%)						12.2	13.9	13.8	17.4	18.7

Source: Company, HSIE Research

Change in estimates

Y/E Mar	FY26E Old	FY26E New	Change (%)	FY27E Old	FY27E New	Change (%)
EBITDA (INR mn)	3,039	3,322	9.3	4,020	4,612	14.7
Adj. EPS (INR/sh)	36.0	40.1	11.5	49.0	57.1	16.7

Source: Company, HSIE Research

REDUCE

CMP (as on 26 June 2025) INR2,270

Target Price INR1,971

NIFTY 25,549

KEY CHANGES	OLD	NEW
Rating	REDUCE	REDUCE
Price Target	INR1,683	INR1,971
EPS %	FY26E	FY27E
	+11.5%	+16.7%

KEY STOCK DATA

Bloomberg code	AACL IN
No. of Shares (mn)	51
Map (INR bn) / (\$ mn)	116/1,354
6m avg traded value (INR mn)	178
52 Week high / low	INR 2,499/1,508

STOCK PERFORMANCE (%)

	3M	6M	12M
Absolute (%)	35.2	22.4	9.1
Relative (%)	26.8	15.7	2.6

SHAREHOLDING PATTERN (%)

	Dec-24	Mar-25
Promoters	72.00	72.04
FIs & Local MFs	1.76	2.18
FPIs	3.23	3.23
Public & Others	23.00	22.55
Pledged Shares	0.00	0.00

Source: BSE

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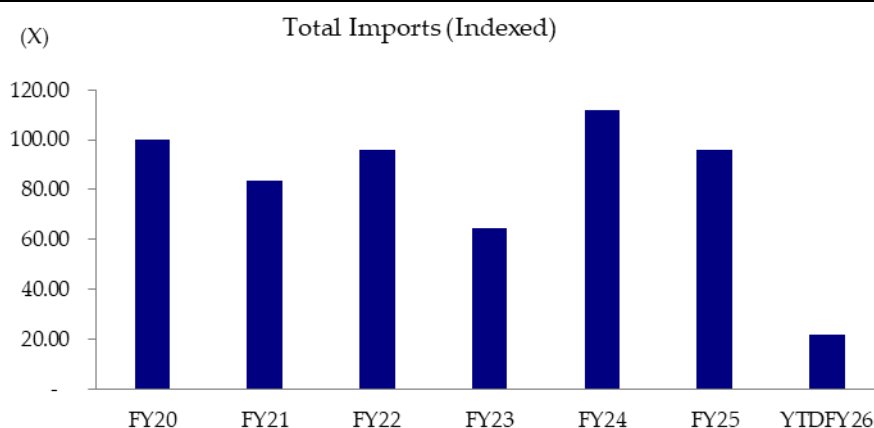
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Import substitution opportunity for the company

Alkyl Amines is the largest domestic producer of acetonitrile, with a production capacity of ~30KTPA. Domestic demand for acetonitrile is north of 40KTPA. Currently, AACL's plant is underutilised due to the availability of low-priced imported material. We had anticipated a gradual ramp-up in plant capacity utilization owing to imports; however, the imposition of ADD is expected to expedite the ramp-up. At present, the plant is operating at ~60% utilisation. Our base case assumes average utilisation in FY26 to be ~75–80%, with full utilization expected by FY27. The company may announce a capacity expansion in the coming quarters to cater to growing demand. Apart from Alkyl Amines, Balaji Amines and Jindal Speciality are also likely to benefit from the same.

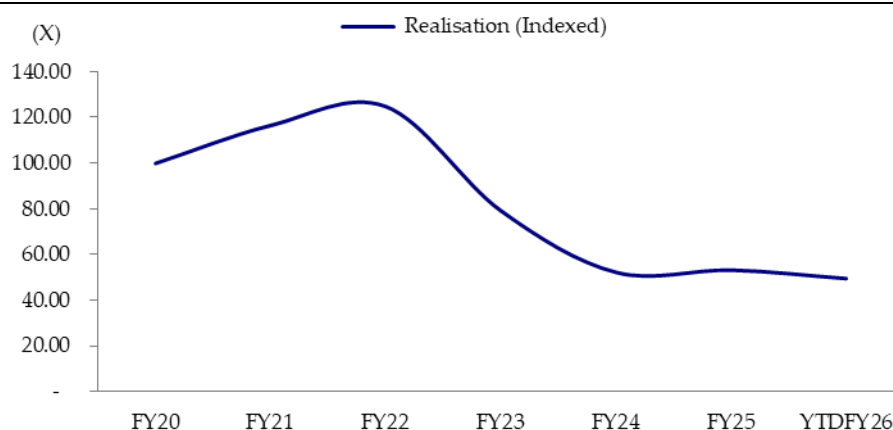
Exhibit-1: Import of Acetonitrile ramped up in FY24 while maintaining level in FY25



Source: Company, HSIE Research

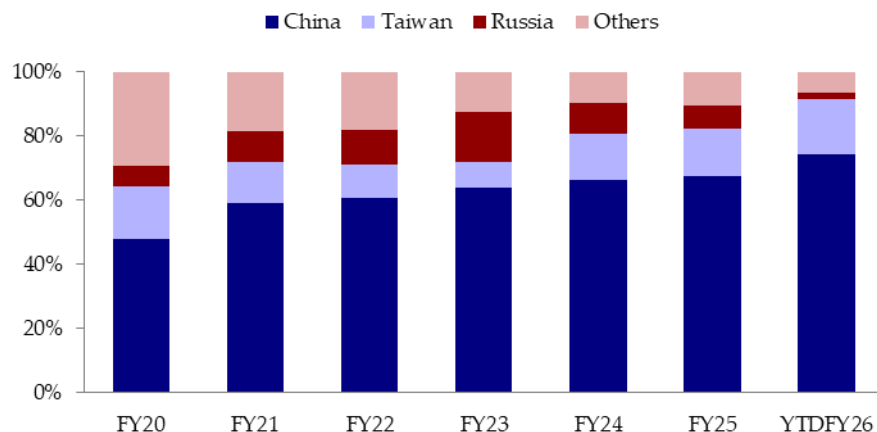
Note: Acetonitrile import volumes are indexed considering FY20 as base value

Exhibit-2: Realization declined from FY22 and remained on lower side in FY23, FY24 and FY25



Source: Company, HSIE Research

Note: Acetonitrile import prices are indexed considering FY20 as base value

Exhibit-3: China has largest share in Imports of Acetonitrile

Source: Volza, HSIE Research

Financial Implication and valuation

Revenue to grow by 15.6/25.2/20.2% in FY26/27/28 to INR 18.17/22.76/27.37bn. Our EBITDA estimates has increased by 9.3/14.7/16.1% for FY26/27/28 while APAT/ EPS increased by 11.5/16.7/16.7%. This will be primarily due earlier than expected ramp up in plant capacity and capacity augmentation. EBITDA margin to increase by 212bps from 18.5% in FY25 to 20.6% in FY28 with increase in utilisation. Currently, acetonitrile and acetic acid cracks are below six years. We expect improvement in prices of acetonitrile owing to imposition of ADD. Acetonitrile prices are expected to increase by INR16/Kg to INR160-170/Kg in FY27. Every INR10/Kg change from our base assumption prices for acetonitrile will increase FY27 EPS by ~INR3-4 while if plant utilisation is 10% lower then EPS will decrease by INR2-7 (Exhibit 2).

The stock is trading at 56.6/39.7/32.4x FY26/27/28. It is contextually high given EPS CAGR of 24% over FY25 to FY28 and RoE of 18.7% in FY28. We are maintaining REDUCE on AACL with a target price of INR1,971.

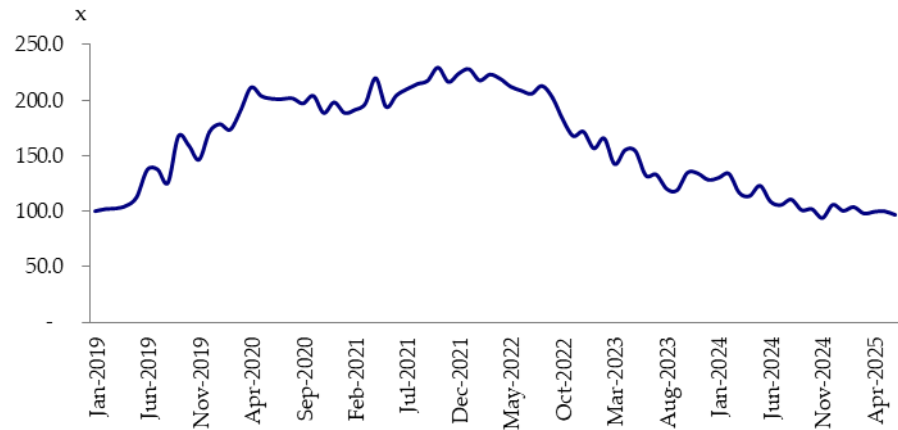
Exhibit-4: Sensitivity Analysis of FY27 EPS change

EPS Change FY27 (INR/sh)		Acetonitrile Realisation (INR/Kg)				
Acetonitrile Plant Utilisation		165	175	185	195	205
	100%	-	3.3	6.6	9.8	13.1
	90%	(2.5)	0.5	3.5	6.4	9.4
	80%	(4.9)	(2.3)	0.3	3.0	5.6
	70%	(7)	(5)	(3)	(0)	2

Source: Company, HSIE Research

Acetonitrile prices are at a six-year low

Exhibit-5: Indexed Acetonitrile prices are at six-year low



Source: Company, HSIE Research

Note: Acetonitrile export prices are indexed from the price of January 2019

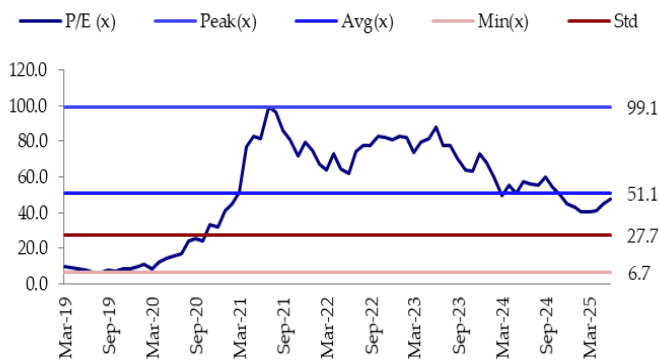
Exhibit-6: Indexed Acetonitrile and acetic acid cracks



Source: Company, HSIE Research

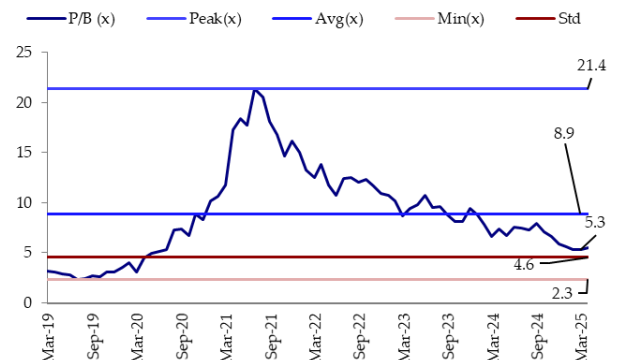
Note: Acetonitrile export prices are indexed from the price of January 2019

Exhibit 7: Alkyl Amines P/E band chart



Source: NSE, Company, HSIE Research

Exhibit 8: Alkyl Amines P/BV band chart



Source: NSE, Company, HSIE Research

Financials (Consolidated)

INCOME STATEMENT

(INR mn)	FY21	FY22	FY23	FY24	FY25P	FY26E	FY27E	FY28E
Net Revenues	12,424	15,420	16,823	14,406	15,718	18,176	22,763	27,371
<i>Growth (%)</i>	<i>25.1</i>	<i>24.1</i>	<i>9.1</i>	<i>(14.4)</i>	<i>9.1</i>	<i>15.6</i>	<i>25.2</i>	<i>20.2</i>
Material Expenses	5,231	8,356	8,597	7,676	8,388	10,060	12,810	15,826
Employee Expenses	927	881	976	952	1,036	1,139	1,264	1,391
Other Operating Expenses	1,975	2,931	3,819	3,272	3,384	3,655	4,077	4,503
EBITDA	4,291	3,252	3,431	2,507	2,911	3,322	4,612	5,651
EBITDA Margin (%)	34.5	21.1	20.4	17.4	18.5	18.3	20.3	20.6
EBITDA Growth (%)	65.7	(24.2)	5.5	(26.9)	16.1	14.1	38.8	22.5
Depreciation	291	348	452	589	712	770	921	1,086
EBIT	4,001	2,904	2,980	1,918	2,199	2,552	3,691	4,564
Other Income (Including EO Items)	70	150	139	151	298	190	213	221
Interest	63	33	33	44	10	5	5	5
PBT	4,007	3,021	3,086	2,025	2,486	2,737	3,899	4,781
Tax	1,054	772	799	536	625	687	979	1,200
RPAT	2,953	2,249	2,287	1,489	1,861	2,050	2,921	3,581
<i>Minority Interest</i>								
EO (Loss) / Profit (Net Of Tax)								
APAT	2,953	2,249	2,287	1,489	1,861	2,050	2,921	3,581
PAT Growth (%)	37.2	(23.9)	1.7	(34.9)	25.0	10.2	42.4	22.6
AEPS	57.8	44.0	44.7	29.1	36.4	40.1	57.1	70.1
AEPS Growth (%)	64.3	(23.9)	1.7	(34.9)	25.0	10.2	42.4	22.6

Source: Company, HSIE Research

BALANCE SHEET

(INR mn)	FY21	FY22	FY23	FY24	FY25P	FY26E	FY27E	FY28E
SOURCES OF FUNDS								
Share Capital	102	102	102	102	102	102	102	102
Reserves	7,822	9,796	11,587	12,569	13,923	15,563	17,753	20,439
Total Shareholders' Funds	7,925	9,898	11,689	12,671	14,025	15,665	17,856	20,541
Long-term Debt	216	-	-	-	-	-	-	-
Short-term Debt	-	227	855	6	36	36	36	36
Total Debt	216	227	855	6	36	36	36	36
<i>Minority Interest</i>								
Long-term Provisions & Others	81	64	129	149	532	532	532	532
Net Deferred Tax Liability	414	472	560	737	880	924	970	1,019
TOTAL SOURCES OF FUNDS	8,635	10,661	13,232	13,564	15,473	17,157	19,394	22,128
APPLICATION OF FUNDS								
Net Block	4,580	6,290	7,187	10,892	10,445	11,575	14,389	15,736
CWIP	1,376	1,426	3,525	356	519	385	400	416
<i>Goodwill</i>								
Investments	-	-	-	-	-	-	-	-
LT Loans & Advances	126	529	104	51	510	510	510	510
Other Non-Current Assets	91	92	97	103	113	119	125	131
Total Non-current Assets	6,174	8,338	10,913	11,403	11,587	12,589	15,424	16,793
Inventories	1,219	1,645	1,837	1,720	1,648	1,905	2,386	2,869
Debtors	2,280	2,767	2,584	2,217	2,307	2,667	3,340	4,016
Cash & Equivalents	1,563	626	182	314	2,041	2,454	1,349	2,271
ST Loans & Advances	1	2	1	1	1	1	1	1
Other Current Assets	216	336	384	182	305	336	370	406
Total Current Assets	5,279	5,376	4,988	4,434	6,301	7,364	7,446	9,564
Creditors	1,790	2,285	1,897	1,719	1,772	2,049	2,567	3,086
Other Current Liabilities	1,028	767	771	554	643	746	909	1,143
Total Current Liabilities	2,818	3,052	2,669	2,273	2,416	2,795	3,476	4,229
Net Current Assets	2,461	2,324	2,320	2,161	3,886	4,569	3,970	5,335
TOTAL APPLICATION OF FUNDS	8,635	10,661	13,232	13,563	15,473	17,157	19,394	22,128

Source: Company, HSIE Research

CASH FLOW STATEMENT

(INR mn)	FY21	FY22	FY23	FY24	FY25P	FY26E	FY27E	FY28E
Reported PBT	4,007	3,021	3,086	2,025	2,486	2,737	3,899	4,781
EO items								
Interest Expenses	63	33	33	44	10	5	5	5
Depreciation	291	348	452	589	712	770	921	1,086
Working Capital Change	183	(800)	(439)	290	2	(269)	(507)	(443)
Tax Paid	(1,043)	(714)	(712)	(359)	(482)	(643)	(933)	(1,152)
OPERATING CASH FLOW (a)	3,500	1,888	2,420	2,589	2,729	2,599	3,385	4,278
Capex	(1,564)	(2,107)	(3,448)	(1,125)	(428)	(1,765)	(3,750)	(2,450)
Free Cash Flow (FCF)	1,936	(219)	(1,028)	1,464	2,300	834	(365)	1,828
Investments	-	-	-	-	-	-	-	-
INVESTING CASH FLOW (b)	(1,564)	(2,107)	(3,448)	(1,125)	(428)	(1,765)	(3,750)	(2,450)
Debt Issuance/(Repaid)	(264)	11	628	(849)	30	-	-	-
Interest Expenses	(63)	(33)	(33)	(44)	(10)	(5)	(5)	(5)
FCFE	1,609	(240)	(433)	572	2,320	829	(369)	1,823
Share Capital Issuance	0	0	0	0	0	-	-	-
Dividend	(629)	(818)	(511)	(511)	(372)	(410)	(730)	(895)
Others	259	121	501	71	(221)	(6)	(6)	(6)
FINANCING CASH FLOW (c)	(696)	(718)	584	(1,333)	(573)	(420)	(741)	(906)
NET CASH FLOW (a+b+c)	1,240	(937)	(443)	131	1,727	414	(1,105)	922
EO Items, Others								
Closing Cash & Equivalents	1,563	626	182	314	2,041	2,454	1,349	2,271

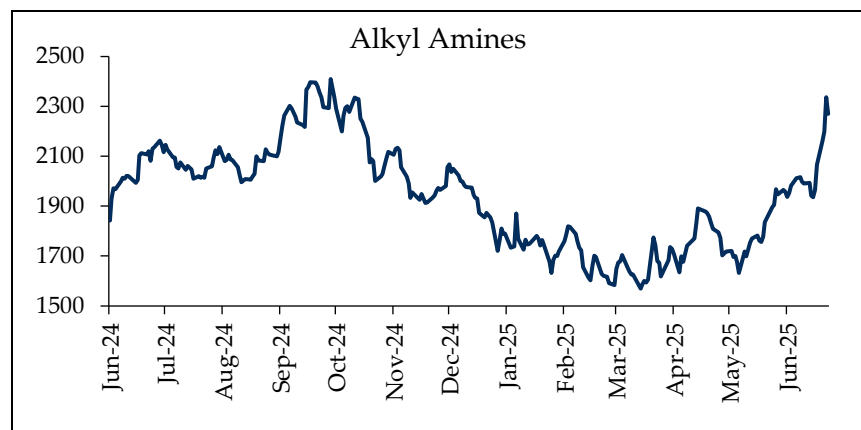
Source: Company, HSIE Research

KEY RATIOS

	FY21	FY22	FY23	FY24	FY25P	FY26E	FY27E	FY28E
PROFITABILITY (%)								
GPM	57.9	45.8	48.9	46.7	46.6	44.7	43.7	42.2
EBITDA Margin	34.5	21.1	20.4	17.4	18.5	18.3	20.3	20.6
EBIT Margin	32.8	19.8	18.5	14.4	15.9	15.1	17.2	17.5
APAT Margin	23.8	14.6	13.6	10.3	11.8	11.3	12.8	13.1
RoE	44.4	25.2	21.2	12.2	13.9	13.8	17.4	18.7
RoIC	46.0	26.6	20.0	11.6	14.0	14.6	17.9	18.9
RoCE	40.2	23.6	19.3	11.4	12.9	12.6	16.0	17.3
EFFICIENCY								
Tax Rate (%)	26.3	25.6	25.9	26.5	25.1	25.1	25.1	25.1
Asset Turnover (x)	1.4	1.4	1.3	1.1	1.0	1.1	1.2	1.2
Inventory (days)	36	39	40	44	38	38	38	38
Debtors (days)	67	66	56	56	54	54	54	54
Other Current Assets (days)	6	8	8	5	7	7	6	5
Payables (days)	53	54	41	44	41	41	41	41
Other Current Liab & Prov (days)	4	4	3	4	3	3	3	3
Cash Conversion Cycle (days)	53	54	60	57	54	55	54	53
Net Debt/EBITDA (x)	(0.3)	(0.1)	0.2	(0.1)	(0.7)	(0.7)	(0.3)	(0.4)
Net D/E	(0.2)	(0.0)	0.1	(0.0)	(0.1)	(0.2)	(0.1)	(0.1)
Interest Coverage	64.3	93.1	93.9	47.1	247.2	609.3	867.5	1,063.5
PER SHARE DATA								
EPS (Rs/sh)	57.8	44.0	44.7	29.1	36.4	40.1	57.1	70.1
CEPS (Rs/sh)	63.5	50.8	53.6	40.7	50.3	55.2	75.2	91.3
DPS (Rs/sh)	10.0	16.0	10.0	10.0	7.3	8.0	14.3	17.5
BV (Rs/sh)	155.0	193.7	228.7	247.9	274.4	306.5	349.3	401.9
VALUATION								
P/E	39.3	51.6	50.7	77.9	62.3	56.6	39.7	32.4
P/BV	14.6	11.7	9.9	9.2	8.3	7.4	6.5	5.6
EV/EBITDA	26.7	35.6	34.0	46.2	39.2	34.2	24.9	20.1
OCF/EV (%)	3.0	1.1	2.4	2.1	1.9	2.2	2.9	3.6
FCF/EV (%)	1.6	(0.7)	(0.6)	1.2	1.5	0.7	(0.4)	1.5
FCFE/MCAP (%)	1.3	(0.7)	(0.1)	0.4	1.5	0.7	(0.4)	1.5
Dividend Yield (%)	0.4	0.7	0.4	0.4	0.3	0.4	0.6	0.8

Source: Company, HSIE Research

Price history



Rating Criteria

BUY: >+15% return potential
ADD: +5% to +15% return potential
REDUCE: -10% to +5% return potential
SELL: >10% Downside return potential

Disclosure:

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