Ajanta Pharma

Estimate change	↑
TP change	↑
Rating change	↔

Bloomberg	AJP IN
Equity Shares (m)	125
M.Cap.(INRb)/(USDb)	429.4 / 4.5
52-Week Range (INR)	3599 / 2330
1, 6, 12 Rel. Per (%)	-1/27/25
12M Avg Val (INR M)	356

Financials & Valuations (INR b)

Y/E MARCH	FY26	FY27E	FY28E
Sales	54.5	64.0	72.3
EBITDA	15.1	17.6	20.4
Adj. PAT	10.7	12.2	14.3
EBIT Margin (%)	24.5	24.6	25.3
Cons. Adj. EPS (INR)	85.0	97.5	113.7
EPS Gr. (%)	13.8	14.7	16.6
BV/Sh. (INR)	361.2	434.7	519.4
Ratios			
Net D:E	-0.1	-0.2	-0.2
RoE (%)	25.6	24.5	23.8
RoCE (%)	25.3	23.7	23.1
Payout (%)	26.7	25.5	25.5
Valuations			
P/E (x)	40.3	35.2	30.2
EV/EBITDA (x)	28.5	24.3	20.6
Div. Yield (%)	0.7	0.7	0.8
FCF Yield (%)	0.4	1.5	2.6
EV/Sales (x)	7.9	6.7	5.8

Shareholding Pattern (%)

As On	Jun-26	Mar-26	Jun-25
Promoter	63.5	66.3	66.3
DII	21.8	18.4	17.5
FII	7.7	8.3	8.9
Others	7.0	7.1	7.4

FII includes depository receipts

CMP: INR3,436 TP: INR4,000 (+16%) Buy

Strong start to FY27; India/Africa/US drive earnings

Market share gains/product launches to sustain overall growth

- Ajanta Pharma (AJP) delivered a better-than-expected 1QFY26, with a 7%/9%/11% beat on our revenue/EBITDA/PAT estimates. Robust revenue growth in the US/India/Africa was partially offset by a decline in the Asia segment.
- AJP sustained its quarterly US sales run rate at INR4.9b, driven by improved traction in existing products. However, despite a strong quarter, management guided for mid-single-digit YoY growth in FY27, considering the price erosion.
- In the domestic formulation (DF) segment, AJP posted a 1.4x and 1.8x YoY surge in volumes and new launches vs. the industry, respectively, in MAT June'26.
- While 1QFY27 witnessed a decline in the Asian business due to geopolitical disruptions, the company remains confident of delivering YoY revenue growth in mid-to-high teens in FY27.
- AJP delivered its third consecutive quarter of healthy growth in the African branded generics segment. Backed by leadership across several molecules/sub-therapeutics segments, the company remains confident of sustaining industry outperformance in this segment.
- We largely maintain our estimates for FY27/FY28. AJP is implementing efforts to outpace industry growth in the Indian branded generics segment (increased traction in newer therapies and market share gains in existing therapies), alongside expansion in Asia and Africa markets (increasing reach and entering newer markets). The company is calibrating its product launches in the US market. The currency tailwind is also expected to support better financial performance over FY26-28. Accordingly, we expect a 15%/16%/16% CAGR in revenue/EBITDA/PAT over FY26-28, reaching INR72b/INR20.4b/INR14.2b. We value AJP at 32x 12M forward earnings to arrive at a TP of INR4,000. **Reiterate BUY**.

Product/geography mix benefit offset by higher opex YoY

- AJP's 1QFY27 revenue grew 24.8% YoY to INR16.3b (our est: INR15.1b).
- Gross margin expanded 100bp YoY to 80%.
- However, EBITDA margin contracted 100bp YoY to 27.9% (our est. 27.6%), driven by an increase in other expenses/employee expenses (up 200/20bp as % of sales), partially offset by a decrease in R&D expenses (down 20bp as % of sales).
- EBITDA grew 20.6% YoY to INR4.5b (our est. INR4.2b).
- Adjusting for the net forex gain, PAT grew 19.4% YoY to INR3.2b (our est. INR2.9b).

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Robust India/US/Africa growth outweighs Asia's decline on a YoY basis

- India sales grew 24% YoY to INR5.1b (31% of sales).
- US generic sales grew 57% YoY to INR4.9b (30% of sales).
- Africa branded generic sales grew 29% YoY to INR2.9b (18% of sales).
- Branded generics sales in Asia declined 16% YoY to INR2.5b (16% of sales).
- Africa institutional sales grew 84% YoY to INR700m (4% of sales).

Highlights from the management commentary

- Management has guided for high-teen YoY revenue growth in FY27. Specifically, the Indian segment is expected to grow to mid-teens during the year.
- While 1QFY27 sales were impacted by political issues, AJP remains confident of delivering mid-to-high teens YoY growth in FY27.
- Considering price erosion and new launches, management has guided for mid-single-digit YoY growth in the US segment in FY27.
- In addition, management has guided for high-double-digit growth in the African branded segment in FY27.
- The company has guided for GM to reach 78% (+/-100bp) in FY27.
- It has maintained FY27 EBITDA margin growth guidance at 27% (+-1%), excluding the forex impact (+/-100bp).
- It has guided for capex of ~INR4b in FY27, of which INR3b will be utilized to expand the Pithampur plant, while the remaining INR1b will be used for maintenance capex.

Quarterly Performance

Y/E March	FY26				FY27E						FY27E	vs Est
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q	FY26	FY27E	1QE	(%)
Net Sales	13,027	13,537	13,748	14,216	16,260	15,987	15,962	15,775	54,529	63,983	15,151	7.3
YoY Change (%)	13.8	14.1	20.0	21.5	24.8	18.1	16.1	11.0	17.3	17.3	16.3	
EBITDA	3,765	3,688	3,892	3,751	4,542	4,268	4,358	4,449	15,096	17,616	4,182	8.6
YoY Change (%)	4.5	9.5	21.3	26.2	20.6	15.7	11.9	18.6	14.8	16.7	11.1	
Margins (%)	28.9	27.2	28.3	26.4	27.9	26.7	27.3	28.2	27.7	27.5	27.6	
Depreciation	413	430	435	454	445	471	470	465	1,731	1,851	461	
Interest	53	34	51	24	32	26	26	26	161	111	26	
Other Income	170	197	164	171	204	206	206	206	701	822	199	
PBT before EO expense	3,469	3,421	3,571	3,444	4,269	3,977	4,067	4,163	13,905	16,476	3,894	
Extra-Ord expense	-158	-13	16	27	199	0	0	0	-129	199	0	
PBT	3,311	3,408	3,586	3,471	4,468	3,977	4,067	4,163	13,777	16,674	3,894	
Tax	758	806	848	804	1,126	1,034	1,057	1,082	3,217	4,299	1,012	
Effective Rate (%)	22.9	23.7	23.7	23.2	25.2	26.0	26.0	26.0	23.3	25.8	26.0	
Reported PAT	2,553	2,602	2,738	2,667	3,342	2,943	3,009	3,081	10,560	12,375	2,882	
Adj PAT	2,675	2,612	2,726	2,646	3,194	2,943	3,009	3,081	10,659	12,227	2,882	10.8
YoY Change (%)	2.0	10.9	24.2	20.6	19.4	12.7	10.4	16.4	13.8	14.7	7.7	
Margins (%)	20.3	19.0	19.6	18.4	19.4	18.2	18.6	19.3	19.3	18.9	18.8	

Key Performance Indicators

Y/E March	FY26				FY27E				FY26	FY27E	FY27E
INRm	**1Q**	**2Q**	**3Q**	**4Q**	**1Q**	**2Q**	**3Q**	**4Q**			**1QE**
Domestic formulations	4,100	4,320	4,090	4,040	5,090	4,842	4,774	4,907	16,550	19,613	4,585
YoY Change (%)	16.1	11.9	18.6	9.2	24.1	12.1	16.7	21.5	13.8	18.5	11.8
Asia	3,040	3,100	2,880	2,740	2,550	3,348	3,514	3,562	11,760	12,974	3,010
YoY Change (%)	9.7	4.7	(8.9)	(9.6)	(16.1)	8.0	22.0	30.0	(1.3)	10.3	(1.0)
Africa (branded + Insti)	2,660	2,530	2,710	2,300	3,650	3,243	3,482	2,931	10,200	13,306	2,979
YoY Change (%)	(2.2)	(1.2)	31.6	42.9	37.2	28.2	28.5	27.4	14.0	30.4	12.0
US	3,100	3,440	3,990	5,050	4,870	4,472	4,110	4,293	15,580	17,744	4,495
YoY Change (%)	36.0	48.3	51.7	55.4	57.1	30.0	3.0	(15.0)	48.7	13.9	45.0
Cost Break-up											
RM Cost (% of Sales)	21.2	23.4	20.8	21.4	20.2	21.1	20.9	20.6	21.7	20.7	21.7
Staff Cost (% of Sales)	23.3	23.4	23.5	24.0	23.4	23.8	23.9	23.4	23.6	23.6	23.2
Other Cost (% of Sales)	22.4	21.3	22.8	23.3	24.4	24.1	23.5	23.6	22.4	23.9	23.4
Gross Margins(%)	78.8	76.6	79.2	78.6	79.8	78.9	79.1	79.4	78.3	79.3	78.3
EBITDA Margins(%)	28.9	27.2	28.3	26.4	27.9	26.7	27.3	28.2	27.7	27.5	27.6
EBIT Margins(%)	25.7	24.1	25.1	23.2	25.2	23.8	24.4	25.3	24.5	24.6	24.6
PBT Margins(%)	26.3	24.9	25.7	23.9	25.9	24.6	25.2	26.1	25.2	25.4	25.4
PAT Margins(%)	20.3	19.0	19.6	18.4	19.4	18.2	18.6	19.3	19.3	18.9	18.8

Other highlights from the management commentary

- AJP has guided for R&D to account for 5% of revenue in FY27. ETR is expected to be 26% for FY27.
- AJP expects 5-7 ANDA filings in FY27. Most new launches are expected in 4QFY27, subject to FDA approvals.
- 1QFY27 witnessed the addition of ~50 international MRs.
- Considering its strong brand franchise in the Asia and Africa regions in diabetes therapy, AJP remains confident of scaling up its Semaglutide business across these markets following regulatory approvals.

Key exhibits

Exhibit 1: DF sales up ~24% YoY in 1QFY27

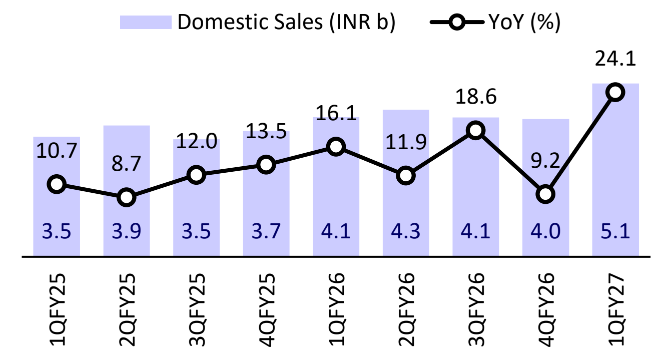


Exhibit 2: R&D spending at ~4% of sales

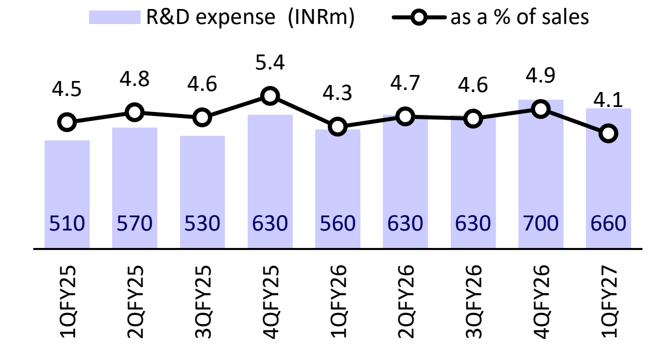


Exhibit 3: Africa sales (Branded + Institutional) grew ~37% YoY in 1QFY27

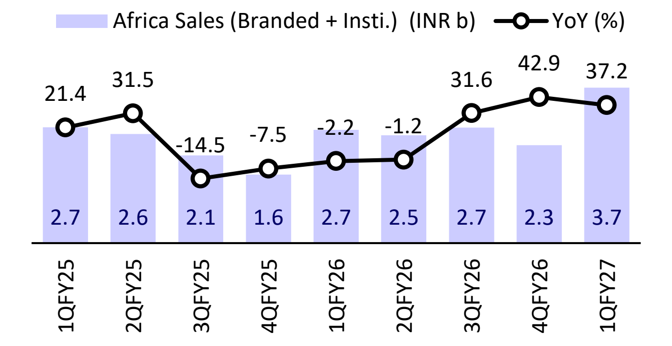


Exhibit 4: Asia sales declined 16% YoY

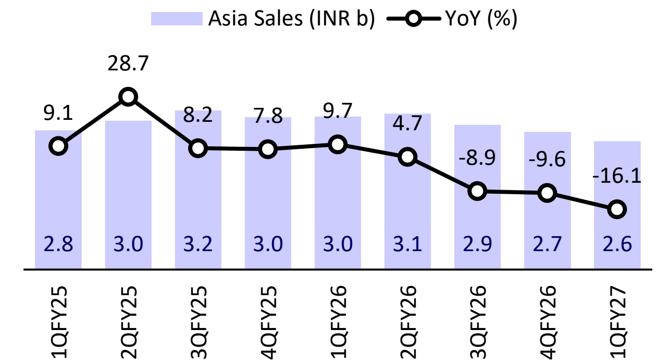
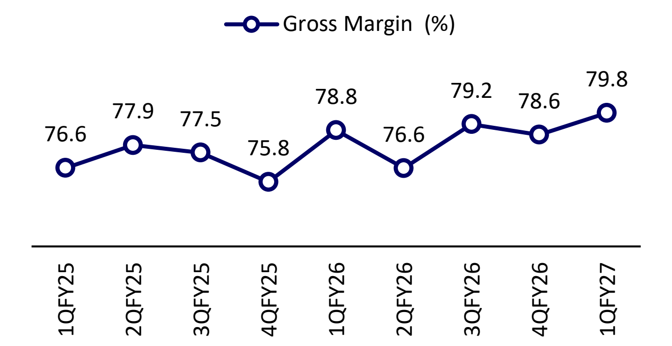
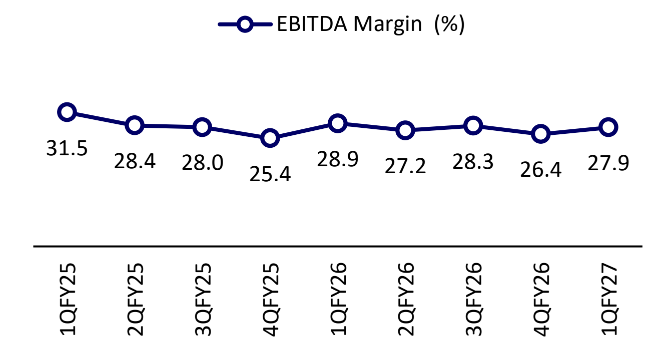


Exhibit 5: Gross margin expanded 100bp YoY in 1QFY27



Source: MOFSL, Company

Exhibit 6: EBITDA margin contracted 100bp YoY in 1QFY27



Source: MOFSL, Company

Well placed to deliver industry outperformance in branded generics

Branded Generics: India/Africa to sustain growth momentum; Asia to revive over the medium term

- India segment (+24% YoY to INR5.1b; 31% of total sales) delivered strong outperformance vs. IPM, driven by volume/new launches-led growth (~1.4x /1.8x IPM).
- India portfolio remains chronic-focused (~65% contribution) across key therapies (cardiac, ophthalmic, derma), supporting prescription stickiness.
- The growth is backed by scale-up in key brands (17 brands >INR250m) and strong field force (~3,750+ MRs). It launched 8 products in 1QFY27.
- Management highlighted that the increased field-force productivity, combined with deeper penetration across therapies, is expected to support growth going forward.
- Africa branded (+29.4% YoY to ~INR2.9b) maintained strong momentum, aided by leadership in key molecules and continued expansion across markets.
- Asia business declined 16% YoY to INR2.5b (16% of sales) due to geopolitical challenges despite a diversified presence.
- Emerging markets witnessed 6 new product launches in 1QFY26, with a focus on strengthening presence in underpenetrated countries.
- Over FY26-28, we expect the DF segment to expand at a 16% CAGR, reaching INR22.3b, driven by a growing focus on chronic therapy and new launches, while Asia/Africa is likely to expand at a 17.5% CAGR, reaching INR30.3b, led by geographic expansion and sustained momentum in Africa.

US Generics: Scale-up to be led by launches and market share gains

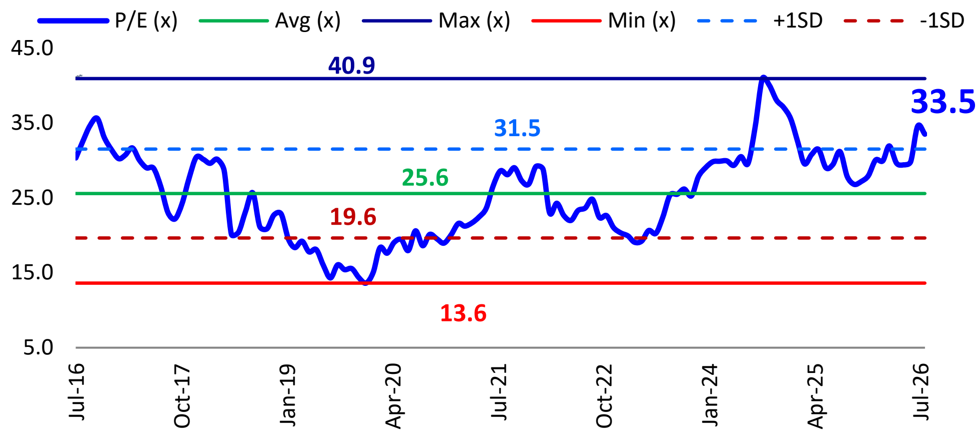
- The US generics segment delivered robust 57% YoY growth to INR4.9b, increasing its contribution to 30% of total revenue, emerging as the key growth driver in 1QFY27. This was partly driven by favorable currency movements.
- Performance was driven by continued momentum in existing products rather than new launches.
- AJP launched 2 products and received 3 ANDA approvals in 1QFY27, taking the total commercialized ANDAs to 51.
- Pipeline visibility remains strong with 17 ANDAs awaiting approval and 5 tentative approvals, supporting medium-term launch momentum.
- The company has planned the filing of 8-12 ANDAs for FY27.
- Over FY26-28, we expect the US generics segment to deliver an 11.3% CAGR, reaching INR19.3b, driven by new launches and better traction in base products.

Valuation and view: Reiterate BUY

- We largely maintain our estimates for FY27/FY28. AJP is implementing efforts to outpace industry growth in the Indian branded generics segment (increased traction in newer therapies and market share gains in existing therapies), while expanding in Asia/Africa (increasing reach and entering newer markets). AJP is calibrating its product launches in the US market. The currency tailwind is also expected to support better financial performance over FY26-28.

- Accordingly, we expect a 15%/16%/16% CAGR in revenue/EBITDA/PAT over FY26-28, reaching INR72b/INR20.4b/INR14.2b. We value AJP at 32x 12M forward earnings to arrive at a TP of INR4000. **Reiterate BUY**

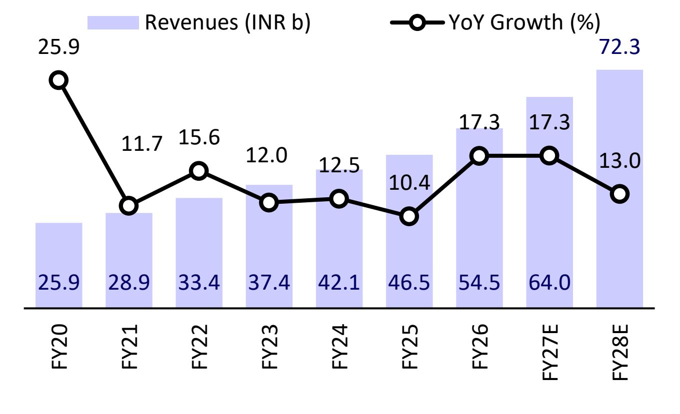
Exhibit 7: P/E chart



Source: MOFSL, Company, Bloomberg

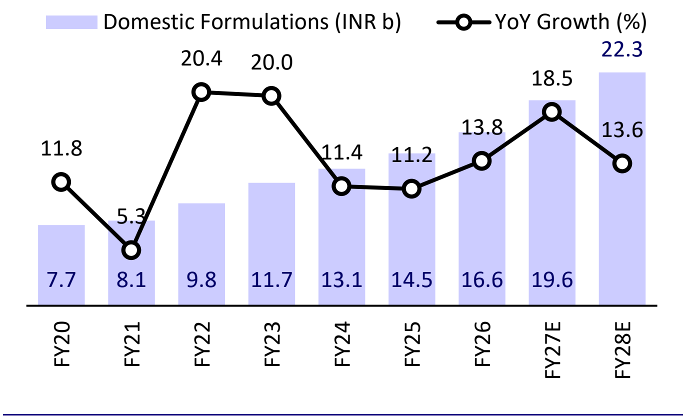
Story in charts

Exhibit 8: Total sales to post 15% CAGR over FY26-28E



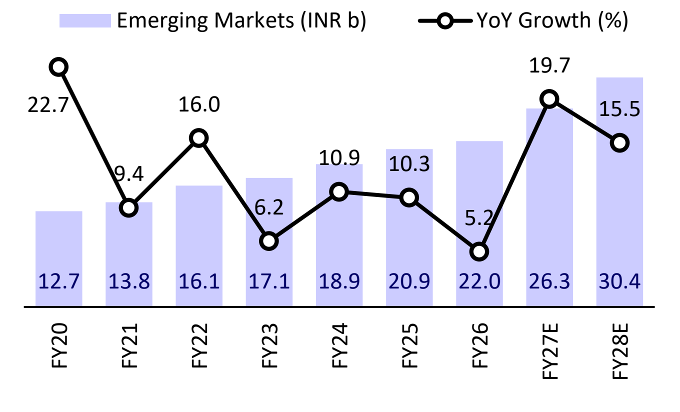
Source: Company, MOFSL

Exhibit 9: DF sales to clock 16% CAGR over FY26-28E



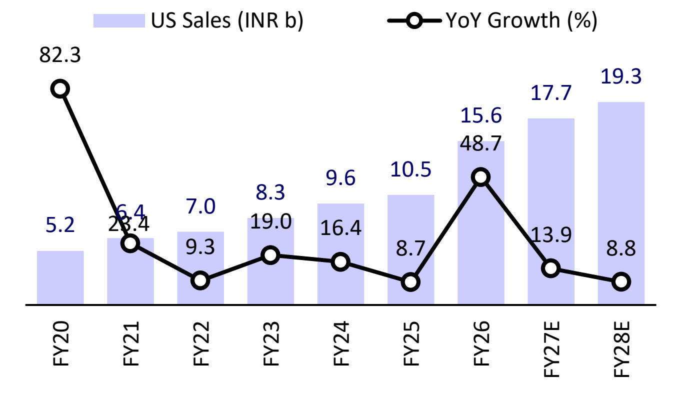
Source: Company, MOFSL

Exhibit 10: EM sales to clock 17.6% CAGR over FY26-28E



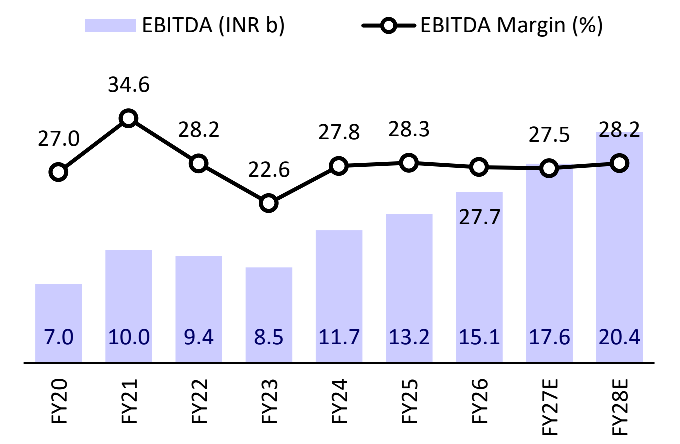
Source: Company, MOFSL

Exhibit 11: US sales to post 11.3% CAGR over FY26-28E



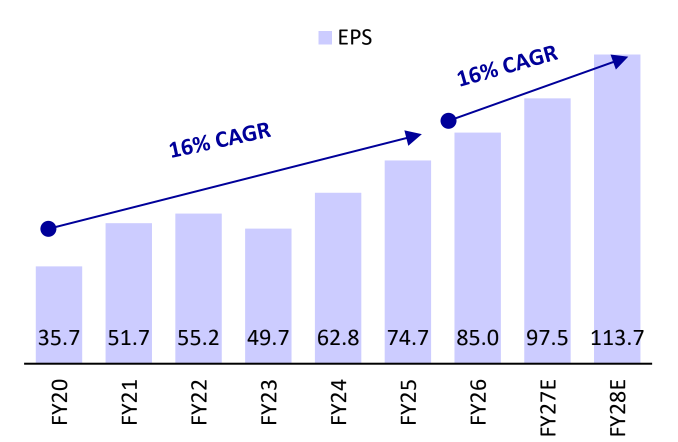
Source: Company, MOFSL

Exhibit 12: Expect 50p margin expansion over FY26-28



Source: Company, MOFSL

Exhibit 13: Expect 16% earnings CAGR over FY26-28



Source: Company, MOFSL

Financials and valuations

Ratios

Y/E March	FY22	FY23	FY24	FY25	FY26	FY27E	FY28E
EPS	**55.2**	**49.7**	**62.8**	**74.7**	**85.0**	**97.5**	**113.7**
Cash EPS	65.2	60.1	73.7	86.2	98.8	112.3	130.4
BV/Share	260.4	270.3	284.6	302.4	361.2	434.7	519.4
DPS	6.4	11.5	15.4	19.1	22.5	25.2	29.0
Payout (%)	11.4	24.7	23.8	26.0	26.7	25.5	25.5
Valuation (x)							
P/E	62.1	69.0	54.6	45.9	40.3	35.2	30.2
Cash P/E	52.6	57.1	46.6	39.8	34.7	30.5	26.3
P/BV	13.2	12.7	12.0	11.3	9.5	7.9	6.6
EV/Sales	12.9	11.5	10.3	9.2	7.9	6.7	5.8
EV/EBITDA	45.8	50.9	36.9	32.6	28.5	24.3	20.6
Dividend Yield (%)	0.2	0.3	0.4	0.6	0.7	0.7	0.8
FCF per share	29.0	48.8	51.1	67.0	13.5	45.9	77.0
Return Ratios (%)							
RoE	22.1	18.7	22.7	25.5	25.6	24.5	23.8
RoCE	22.3	18.8	22.8	25.9	25.3	23.7	23.1
RoIC	23.1	21.4	28.5	30.2	29.4	27.9	29.0
Working Capital Ratios							
Fixed Asset Turnover (x)	1.5	1.6	1.7	1.6	1.7	1.8	1.8
Asset Turnover (x)	1.0	1.1	1.1	1.2	1.1	1.1	1.1
Inventory (Days)	86	80	72	71	63	83	85
Debtor (Days)	111	103	108	93	124	105	102
Creditor (Days)	36	41	40	36	36	37	36
Leverage Ratio (x)							
Current Ratio	3.3	2.0	2.6	2.3	2.6	2.9	3.2
Interest Cover Ratio	80.1	123.2	143.8	56.5	83.0	141.7	183.7
Net Debt/Equity	-0.1	-0.3	-0.1	-0.2	-0.1	-0.2	-0.2

Consolidated - Cash Flow Statement

(INR m)

Y/E March	FY22	FY23	FY24	FY25	FY26	FY27E	FY28E
OP/(Loss) before Tax	8,557	7,453	11,139	11,892	13,777	16,476	19,132
Depreciation	1,253	1,308	1,354	1,441	1,731	1,851	2,093
Interest & Finance Charges	-655	58	72	207	161	-710	-830
Direct Taxes Paid	-1,968	-1,513	-3,121	-3,230	-3,590	-4,299	-4,879
(Inc)/Dec in WC	-2,427	665	-998	1,789	-6,529	-3,558	-2,868
CF from Operations	**4,760**	**7,971**	**8,446**	**12,100**	**5,550**	**9,759**	**12,648**
Others	323	-53	-596	-528	-258	0	0
CF from Operating incl EO	**5,082**	**7,918**	**7,851**	**11,572**	**5,292**	**9,759**	**12,648**
(Inc)/Dec in FA	-1,409	-1,745	-1,390	-3,168	-3,598	-4,000	-3,000
Free Cash Flow	**3,674**	**6,173**	**6,460**	**8,404**	**1,694**	**5,759**	**9,648**
(Pur)/Sale of Investments	-190	-3,907	1,774	-977	-1,109	0	0
Others	857	56	270	378	421	822	930
CF from Investments	**-741**	**-5,596**	**654**	**-3,767**	**-4,285**	**-3,178**	**-2,070**
Issue of Shares	-2	-14	0	0	0	0	0
Inc/(Dec) in Debt	3	-5	1	11	2,094	0	0
Interest Paid	-102	-23	-35	-173	-128	-111	-100
Dividend Paid	-816	-897	-6,422	-3,494	-3,497	-3,156	-3,635
Others	-3,683	-192	-4,054	-3,163	-148	0	0
CF from Fin. Activity	**-4,600**	**-1,131**	**-10,511**	**-6,819**	**-1,679**	**-3,267**	**-3,734**
Inc/Dec of Cash	**-259**	**1,191**	**-2,006**	**986**	**-673**	**3,314**	**6,844**
Opening Balance	2,014	1,755	2,947	940	1,926	1,254	4,567
Closing Balance	**1,755**	**2,947**	**940**	**1,926**	**1,254**	**4,567**	**11,411**
Unrealised loss / (gain) on forex	362	362	367	-171	-207	-207	-207
Term Deposit with Banks	0	0	0	0	0	0	0
Total Cash & Cash Eq	**2,118**	**3,309**	**1,307**	**1,756**	**1,048**	**4,361**	**11,205**

Financials and valuations

Ratios

Y/E March	FY22	FY23	FY24	FY25	FY26	FY27E	FY28E
EPS	**55.2**	**49.7**	**62.8**	**74.7**	**85.0**	**97.5**	**113.7**
Cash EPS	65.2	60.1	73.7	86.2	98.8	112.3	130.4
BV/Share	260.4	270.3	284.6	302.4	361.2	434.7	519.4
DPS	6.4	11.5	15.4	19.1	22.5	25.2	29.0
Payout (%)	11.4	24.7	23.8	26.0	26.7	25.5	25.5
Valuation (x)							
P/E	50.8	56.5	44.6	37.5	33.0	28.7	24.7
Cash P/E	43.0	46.7	38.1	32.5	28.4	25.0	21.5
P/BV	10.8	10.4	9.9	9.3	7.8	6.5	5.4
EV/Sales	10.6	9.4	8.4	7.5	6.5	5.5	4.7
EV/EBITDA	37.4	41.6	30.1	26.6	23.4	19.8	16.8
Dividend Yield (%)	0.2	0.4	0.5	0.7	0.8	0.9	1.0
FCF per share	29.0	48.8	51.1	67.0	13.5	45.9	77.0
Return Ratios (%)							
RoE	22.1	18.7	22.7	25.5	25.6	24.5	23.8
RoCE	22.3	18.8	22.8	25.9	25.3	23.7	23.1
RoIC	23.1	21.4	28.5	30.2	29.4	27.9	29.0
Working Capital Ratios							
Fixed Asset Turnover (x)	1.5	1.6	1.7	1.6	1.7	1.8	1.8
Asset Turnover (x)	1.0	1.1	1.1	1.2	1.1	1.1	1.1
Inventory (Days)	86	80	72	71	63	83	85
Debtor (Days)	111	103	108	93	124	105	102
Creditor (Days)	36	41	40	36	36	37	36
Leverage Ratio (x)							
Current Ratio	3.3	2.0	2.6	2.3	2.6	2.9	3.2
Interest Cover Ratio	80.1	123.2	143.8	56.5	83.0	141.7	183.7
Net Debt/Equity	-0.1	-0.3	-0.1	-0.2	-0.1	-0.2	-0.2

Consolidated - Cash Flow Statement (INR m)

Y/E March	FY22	FY23	FY24	FY25	FY26	FY27E	FY28E
OP/(Loss) before Tax	8,557	7,453	11,139	11,892	13,777	16,476	19,132
Depreciation	1,253	1,308	1,354	1,441	1,731	1,851	2,093
Interest & Finance Charges	-655	58	72	207	161	-710	-830
Direct Taxes Paid	-1,968	-1,513	-3,121	-3,230	-3,590	-4,299	-4,879
(Inc)/Dec in WC	-2,427	665	-998	1,789	-6,529	-3,558	-2,868
CF from Operations	**4,760**	**7,971**	**8,446**	**12,100**	**5,550**	**9,759**	**12,648**
Others	323	-53	-596	-528	-258	0	0
CF from Operating incl EO	**5,082**	**7,918**	**7,851**	**11,572**	**5,292**	**9,759**	**12,648**
(Inc)/Dec in FA	-1,409	-1,745	-1,390	-3,168	-3,598	-4,000	-3,000
Free Cash Flow	**3,674**	**6,173**	**6,460**	**8,404**	**1,694**	**5,759**	**9,648**
(Pur)/Sale of Investments	-190	-3,907	1,774	-977	-1,109	0	0
Others	857	56	270	378	421	822	930
CF from Investments	**-741**	**-5,596**	**654**	**-3,767**	**-4,285**	**-3,178**	**-2,070**
Issue of Shares	-2	-14	0	0	0	0	0
Inc/(Dec) in Debt	3	-5	1	11	2,094	0	0
Interest Paid	-102	-23	-35	-173	-128	-111	-100
Dividend Paid	-816	-897	-6,422	-3,494	-3,497	-3,156	-3,635
Others	-3,683	-192	-4,054	-3,163	-148	0	0
CF from Fin. Activity	**-4,600**	**-1,131**	**-10,511**	**-6,819**	**-1,679**	**-3,267**	**-3,734**
Inc/Dec of Cash	**-259**	**1,191**	**-2,006**	**986**	**-673**	**3,314**	**6,844**
Opening Balance	2,014	1,755	2,947	940	1,926	1,254	4,567
Closing Balance	**1,755**	**2,947**	**940**	**1,926**	**1,254**	**4,567**	**11,411**
Unrealised loss / (gain) on forex	362	362	367	-171	-207	-207	-207
Term Deposit with Banks	0	0	0	0	0	0	0
Total Cash & Cash Eq	**2,118**	**3,309**	**1,307**	**1,756**	**1,048**	**4,361**	**11,205**

NOTES

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

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