Ajanta Pharma

Estimate change	⟷
TP change	↓
Rating change	⟷

Bloomberg	AJP IN
Equity Shares (m)	125
M.Cap.(INRb)/(USDb)	432.6 / 4.6
52-Week Range (INR)	3797 / 2430
1, 6, 12 Rel. Per (%)	-6/27/51
12M Avg Val (INR M)	378

Financials & Valuations (INR b)

Y/E MARCH	FY26	FY27E	FY28E
Sales	54.5	64.9	73.2
EBITDA	15.1	17.7	20.7
Adj. PAT	10.7	12.2	14.5
EBIT Margin (%)	24.5	24.4	25.4
Cons. Adj. EPS (INR)	85.0	97.0	115.7
EPS Gr. (%)	13.8	14.0	19.3
BV/Sh. (INR)	361.2	435.3	521.5
Ratios			
Net D:E	-0.1	-0.1	-0.2
RoE (%)	25.6	24.3	24.2
RoCE (%)	25.3	23.5	23.5
Payout (%)	26.7	25.5	25.5
Valuations			
P/E (x)	41.3	36.2	30.4
EV/EBITDA (x)	29.2	24.8	20.8
Div. Yield (%)	0.6	0.7	0.8
FCF Yield (%)	0.4	1.5	2.6
EV/Sales (x)	8.1	6.8	5.9

Shareholding Pattern (%)

As On	Sep-26	Jun-26	Sep-25
Promoter	63.5	63.5	66.3
DII	22.0	21.8	17.9
FII	7.6	7.7	8.5
Others	7.0	7.0	7.3

FII includes depository receipts

CMP: INR3,462 TP: INR4,075 (+18%) Buy

Strong quarter; branded generics lead the way

Stepping up R&D to increase product offerings

- Ajanta Pharma (AJP) delivered a superior performance in 2QFY27, with 12%, 28% and 26% beat on revenue, EBITDA and PAT. Improved sales in focus geographies, supported by favorable currency, enabled robust 49%/42% YoY growth in EBITDA/PAT.
- In domestic formulation (DF), AJP delivered 350bp higher growth than IPM in the past 12 months, spread evenly between price, volume and new launches.
- Product launches, entry into new markets and re-routing supply chain led to healthy growth in Asia and Africa branded generics markets.
- AJP plans to step up R&D spending to enhance product pipeline in its core markets.
- We largely maintain our earnings estimates for FY27/FY28 as industry outperformance in branded generic markets of India, Asia and Africa would be offset by a moderation in US generics and higher R&D expenses in the medium term. We expect 17% earnings CAGR over FY26-28E, led by a sales CAGR of 26%/16%/15% in Africa/DF/Asia.
- We continue to value AJP at 32x 12-month forward earnings to arrive at a TP of INR4,075. Maintain BUY.

Product mix and operating leverage boost profitability YoY

- Revenue grew 32.5% YoY to INR17.9b (our est: INR16b).
- Gross margin expanded 195bp YoY to 78.5%.
- EBITDA margin expanded 330bp YoY to 30.5% (our est. 26.5%) due to a fall in employee expenses/R&D expenses by 200bp/65bp as % of sales, partially offset by an increase in other expenses by 130bp.
- EBITDA grew 48.5% YoY to INR5.5b (our est. INR4.3b).
- Adjusting for the net forex gain, PAT grew 42% YoY to INR3.7b (est. INR2.9b).
- For 1HFY27, revenue/EBITDA/PAT grew 29%/34%/31% YoY to INR34.2b/ INR10b/INR6.9b.

Superior YoY growth across all segments

- India sales was up 17% YoY to INR5b (28% of sales)
- US generic sale grew 41% YoY to INR4.8b (27% of sales).
- Africa branded generic sales grew 41% YoY to INR3.1b (18% of sales).
- Branded generics Asia sale grew 18% YoY to INR3.7b, (20% of sales).
- Africa Institutional sales grew 2.6x YoY to INR1.2b (6% of sales)

Highlights from the management commentary

- FY27 guidance remains unchanged at high-teen revenue growth YoY, with gross/EBITDA margin at ~78%/27% (±100bp).
- EBITDA margin was ~29% in 1HFY27, though it is expected to moderate in 2HFY27 due to US competition, normalization of institutional sales and higher investments in R&D/field force.

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Motilal Oswal research is available on www.motilaloswal.com/Institutional-Equities, Bloomberg, Thomson Reuters, Factset and S&P Capital.

- US segment delivered 30-35%YoY CC growth in 2QFY27. However, increased competition in certain products is expected to lower US revenue growth YoY to high-single digits in FY27.
- R&D guidance is stepped up in FY27 to 5% of revenue (4% of sales spent on R&D in 1HFY27). 50% of it would be spent on US segment and the rest on EM/India.
- AJP maintains mid-teen YoY revenue growth guidance in Asia/India for FY27.
- Overall PCPM in DF improved meaningfully to INR450k in 1HFY27 (vs. INR370k in 1HFY26), supported by better productivity and new product introductions.
- Dossier submissions for in-licensed semaglutide across Africa and Middle East markets have commenced, with commercial revenue expected to start trickling in from FY28 onward.

Consolidated - Quarterly Earning

Y/E March	FY26				FY27E				FY26	FY27E	FY27E	vs Est
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q			2QE	(%)
Net Sales	**13,027**	**13,537**	**13,748**	**14,216**	**16,260**	**17,942**	**15,661**	**15,071**	**54,529**	**64,934**	**16,041**	**11.8**
YoY Change (%)	13.8	14.1	20.0	21.5	24.8	32.5	13.9	6.0	17.3	19.1	18.5	
EBITDA	**3,765**	**3,688**	**3,892**	**3,751**	**4,542**	**5,476**	**3,931**	**3,723**	**15,096**	**17,671**	**4,283**	**27.8**
YoY Change (%)	4.5	9.5	21.3	26.2	20.6	48.5	1.0	-0.8	14.8	17.1	16.1	
Margins (%)	28.9	27.2	28.3	26.4	27.9	30.5	25.1	24.7	27.7	27.2	26.7	
Depreciation	413	430	435	454	445	476	455	438	1,731	1,813	472	
Interest	53	34	51	24	32	22	26	26	161	107	26	
Other Income	170	197	164	171	204	137	209	215	701	765	206	
PBT before EO expense	**3,469**	**3,421**	**3,571**	**3,444**	**4,269**	**5,115**	**3,659**	**3,474**	**13,905**	**16,517**	**3,991**	
Extra-Ord expense	-158	-13	16	27	199	237	0	0	-129	435	0	
PBT	**3,311**	**3,408**	**3,586**	**3,471**	**4,468**	**5,352**	**3,659**	**3,474**	**13,777**	**16,952**	**3,991**	
Tax	758	806	848	804	1,126	1,470	962	921	3,217	4,479	1,038	
Effective Rate (%)	22.9	23.7	23.7	23.2	25.2	27.5	26.3	26.5	23.3	26.4	26.0	
Reported PAT	**2,553**	**2,602**	**2,738**	**2,667**	**3,342**	**3,881**	**2,696**	**2,553**	**10,560**	**12,473**	**2,953**	
Adj PAT	**2,675**	**2,612**	**2,726**	**2,646**	**3,194**	**3,710**	**2,696**	**2,553**	**10,659**	**12,153**	**2,953**	**25.6**
YoY Change (%)	2.0	10.9	24.2	20.6	19.4	42.0	-1.1	-3.5	13.8	14.0	13.1	
Margins (%)	20.3	19.0	19.6	18.4	19.4	20.5	17.0	16.7	19.3	18.5	18.2	

Key performance Indicators

Y/E March	FY26				FY27E				FY26	FY27E	FY27E
INRm	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q			2QE
Domestic formulations	4,100	4,320	4,090	4,040	5,090	5,040	4,697	4,809	16,550	19,626	4,959
YoY Change (%)	16.1	11.9	18.6	9.2	24.1	16.7	14.8	19.0	13.8	18.6	14.8
Asia	3,040	3,100	2,880	2,740	2,550	3,660	3,514	3,562	11,760	13,286	3,286
YoY Change (%)	9.7	4.7	(8.9)	(9.6)	(16.1)	18.1	22.0	30.0	(1.3)	13.0	6.0
Africa (branded + Insti)	2,660	2,530	2,710	2,300	3,650	4,280	3,339	2,831	10,200	14,099	3,243
YoY Change (%)	(2.2)	(1.2)	31.6	42.9	37.2	69.2	23.2	23.1	14.0	38.2	28.2
US	3,100	3,440	3,990	5,050	4,870	4,840	4,030	3,788	15,580	17,527	4,472
YoY Change (%)	36.0	48.3	51.7	55.4	57.1	40.7	1.0	(25.0)	48.7	12.5	30.0
Cost Break-up											
RM Cost (% of Sales)	21.2	23.4	20.8	21.4	20.2	21.5	22.0	22.2	21.7	21.4	21.1
Staff Cost (% of Sales)	23.3	23.4	23.5	24.0	23.4	21.4	23.9	23.4	23.6	23.0	23.8
Other Cost (% of Sales)	22.4	21.3	22.8	23.3	24.4	22.6	24.3	24.7	22.4	24.0	24.1
Gross Margins(%)	78.8	76.6	79.2	78.6	79.8	78.5	78.0	77.8	78.3	78.6	78.9
EBITDA Margins(%)	28.9	27.2	28.3	26.4	27.9	30.5	25.1	24.7	27.7	27.2	26.7
EBIT Margins(%)	25.7	24.1	25.1	23.2	25.2	27.9	22.2	21.8	24.5	24.4	23.8
PBT Margins(%)	26.3	24.9	25.7	23.9	25.9	28.3	23.1	22.7	25.2	25.1	24.6
PAT Margins(%)	20.3	19.0	19.6	18.4	19.4	20.5	17.0	16.7	19.3	18.5	18.2

Other highlights from the management commentary

- Currently EM segment has ~2,500 MRs with PCPM of INR800k/month. 100+ sales personnel added in 1HFY27 for the emerging market segment.
- AJP launched three products, received four final approvals, and filed one ANDA in 1HFY27. It intends to file 5-6 products in FY27.
- AJP introduced four new products in Asia and three in Africa in 1H.
- Working-capital efficiency improved, with receivable days declining to 100 from 125 and inventory days to 52 from 63, aided by better US collections and inventory management.
- FY27 capex is guided at ~INR4b, including ~INR2.5b for growth and INR1.5b for maintenance capex.

Key exhibits

Exhibit 1: DF sales up ~17% YoY in 2QFY27

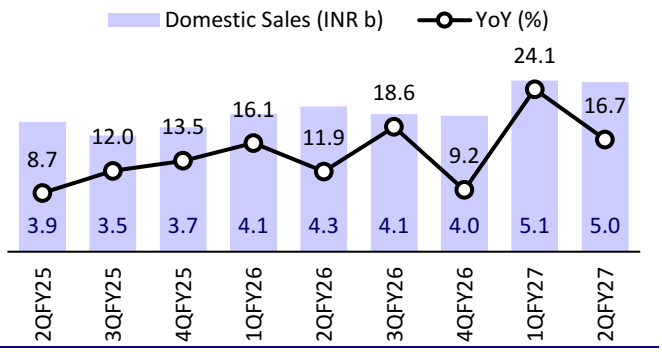


Exhibit 2: R&D spending at ~4% of sales

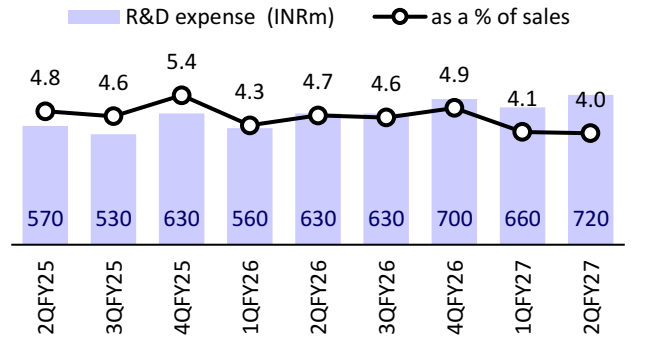


Exhibit 3: Africa sales (branded + institutional) up ~69% YoY

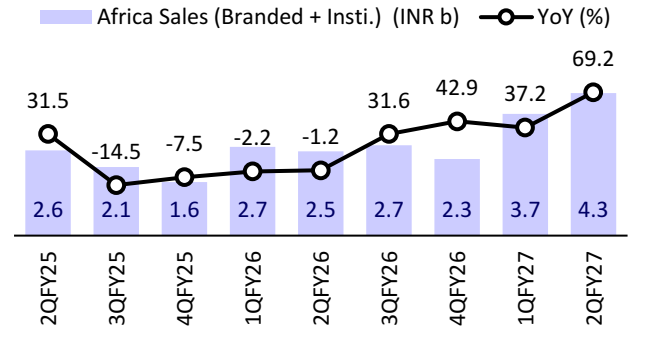


Exhibit 4: Asia sales grew 18% YoY

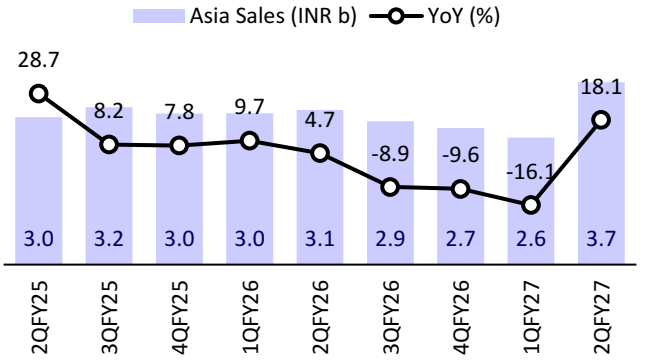
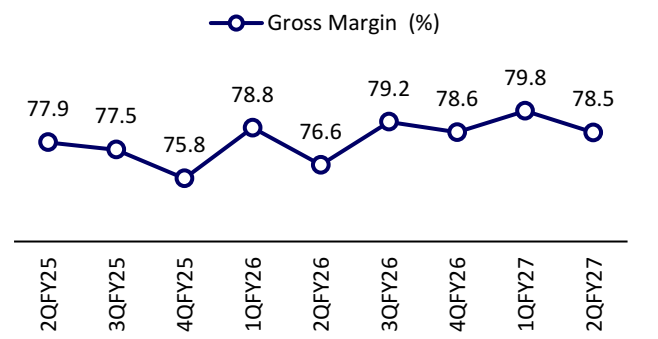
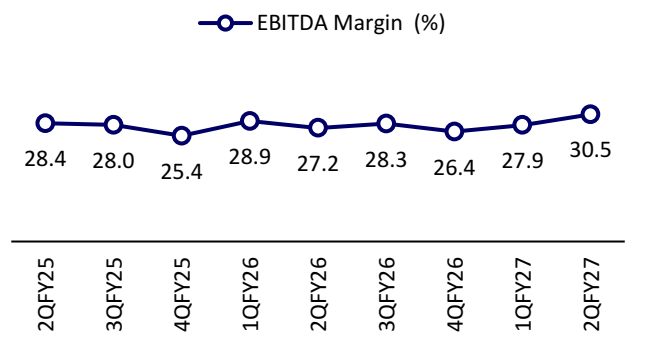


Exhibit 5: Gross margin expanded 195bp YoY in 2QFY27



Source: MOFSL, Company

Exhibit 6: EBITDA margin expanded 330bp YoY in 2QFY27



Source: MOFSL, Company

Positioned to deliver stable growth above industry levels in branded generics

Branded Generics: India/Asia to sustain growth momentum

- India segment (+20% YoY to INR10b) growth was supported by market share gains, product launches and improved field-force productivity.
- AJP indicated that major therapy segments outperformed their respective markets this quarter. Cardiology segment growth was broadly in line or marginally ahead of the covered market.
- Gynecology and nephrology are emerging as additional growth opportunities, although their current contribution remains relatively small.
- As per IQVIA MAT Sep'26, AJP's India segment grew 17% vs. IPM growth of 13%, translating into market outperformance.
- 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 (18 brands >INR250m) and strong field force (~3,750+ MRs). It launched 24 products in 1HFY27.
- Management highlighted that the increased field-force productivity, combined with deeper penetration across therapies, is expected to support growth going forward.
- Field-force productivity continued to improve, with PCPM rising to INR450k in 1HFY27 vs. INR370k in 1HFY26.
- Africa branded (+35% YoY to ~INR6.1b) maintained strong momentum, aided by market-share gains, new product launches, incremental field-force additions and favorable currency movement.
- Asia business was flat YoY at INR6.2b due to geopolitical challenges witnessed in earlier quarter. Recovery in 2QFY27 was supported by normalization of supplies and logistics, clearance of delayed sales and alternative distribution routes.
- Emerging markets witnessed seven new product launches in 1HFY27, 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 are likely to expand at a 20% CAGR to INR31.6b, led by geographic expansion.

US Generics: Scale-up to be led by limited competition product, currency benefit

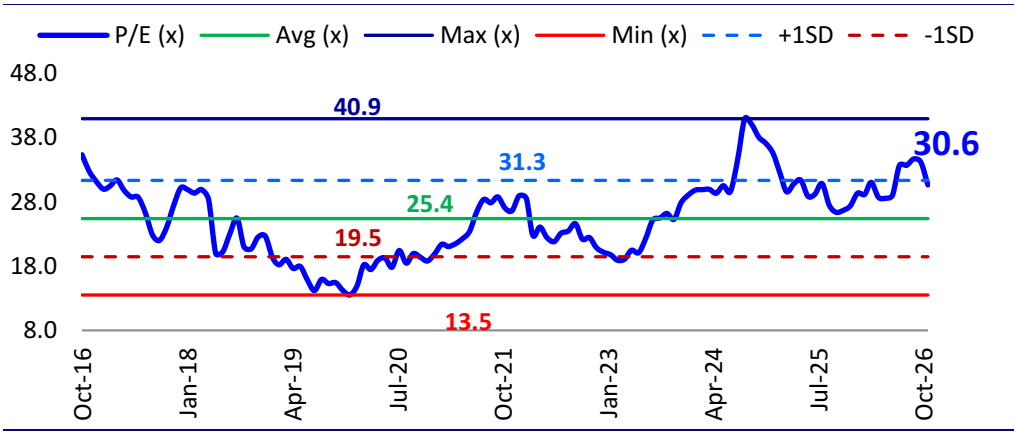
- The US generics segment delivered robust 49% YoY growth to INR9.7b in 1HFY27, driven by favorable currency movements and limited competition products.
- With increased competition in select products, growth is expected to slow in 2H.
- AJP launched three products and received four ANDA approvals in 1HFY27, taking the total commercialized ANDAs to 52.
- Pipeline visibility remains strong, with 17 ANDAs awaiting approval and five tentative approvals, supporting medium-term launch momentum.
- The company has planned the filing of 8-10 ANDAs for FY27, providing a steady pipeline of future launches.

- Over FY26-28, we expect the US generics segment to deliver 10.7% CAGR to INR19.1b.

Valuation and view: Reiterate BUY

- We largely maintain our earnings estimates for FY27/FY28 as industry outperformance in branded generic markets of India, Asia and Africa would be offset by a moderation in US generics segment and higher R&D expenses in the medium term. We expect 17% earnings CAGR over FY26-28, led by a sales CAGR of 26%/16%/15% in Africa/DF/Asia.
- We continue to value AJP at 32x 12-month forward earnings to arrive at a TP of INR4,075. Maintain BUY.

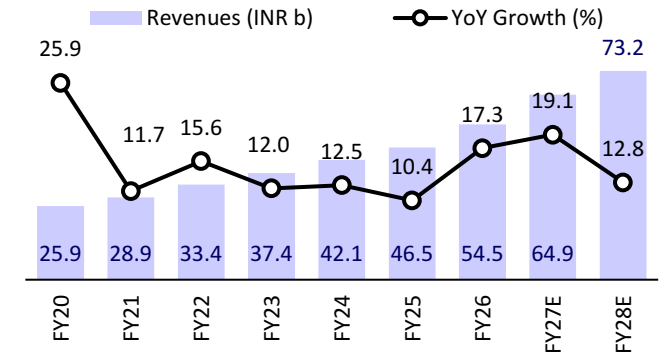
Exhibit 7: P/E chart



Source: MOFSL, Company, Bloomberg

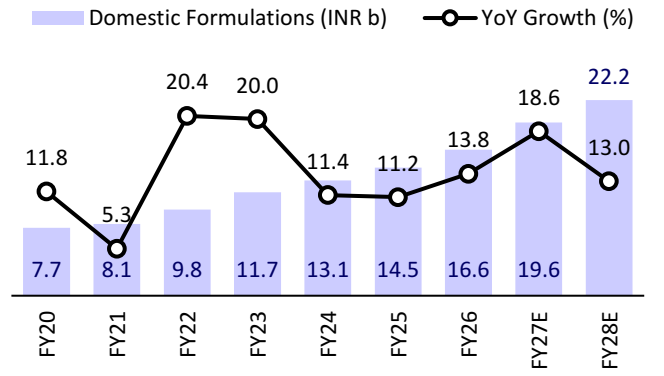
Story in charts

Exhibit 8: Total sales to post 16% CAGR over FY26-28E



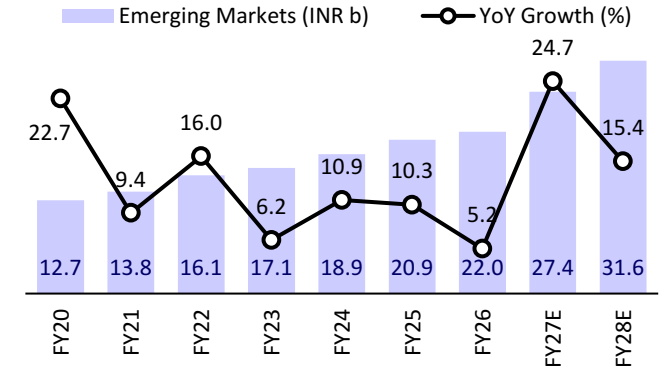
Source: Company, MOFSL

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



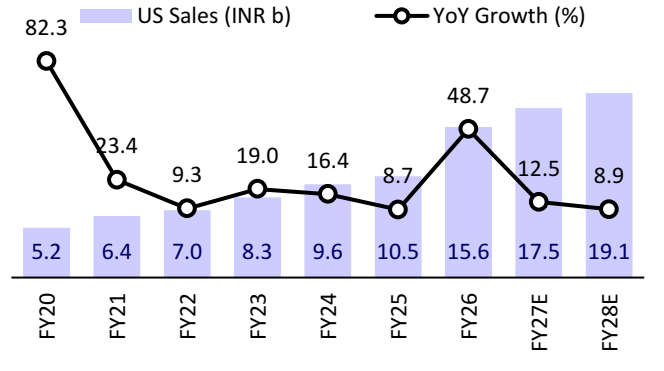
Source: Company, MOFSL

Exhibit 10: EM sales to clock 20% CAGR over FY26-28E



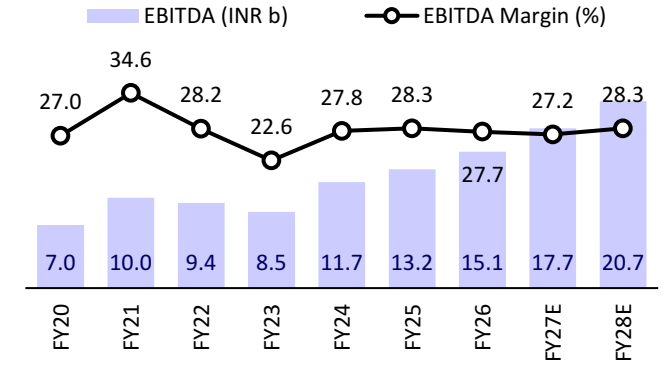
Source: Company, MOFSL

Exhibit 11: US sales to post 10.7% CAGR over FY26-28E



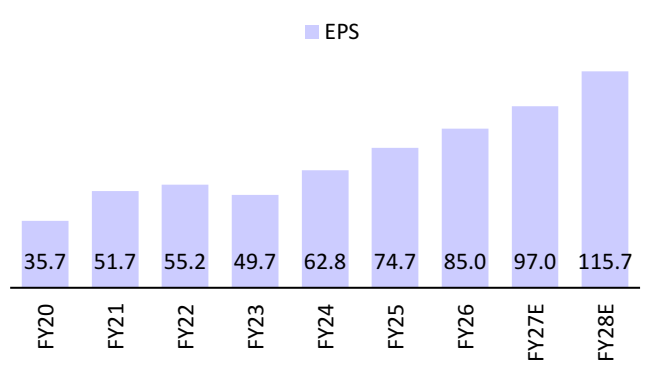
Source: Company, MOFSL

Exhibit 12: Expect 60bp margin expansion over FY26-28



Source: Company, MOFSL

Exhibit 13: Expect 17% earnings CAGR over FY26-28



Source: Company, MOFSL

Financials and valuations

Consolidated - Income Statement (INR m)

Y/E March	FY22	FY23	FY24	FY25	FY26	FY27E	FY28E
Total Income from Operations	**33,410**	**37,426**	**42,087**	**46,481**	**54,529**	**64,934**	**73,244**
Change (%)	15.6	12.0	12.5	10.4	17.3	19.1	12.8
Total Expenditure	**23,986**	**28,972**	**30,368**	**33,330**	**39,432**	**47,263**	**52,533**
% of Sales	71.8	77.4	72.2	71.7	72.3	72.8	71.7
EBITDA	**9,424**	**8,454**	**11,719**	**13,152**	**15,096**	**17,671**	**20,711**
Margin (%)	28.2	22.6	27.8	28.3	27.7	27.2	28.3
Depreciation	1,253	1,308	1,354	1,441	1,731	1,813	2,093
EBIT	**8,171**	**7,146**	**10,365**	**11,710**	**13,365**	**15,858**	**18,618**
Int. and Finance Charges	102	58	72	207	161	107	100
Other Income	757	803	459	616	701	765	942
PBT bef. EO Exp.	**8,826**	**7,892**	**10,752**	**12,119**	**13,905**	**16,517**	**19,460**
EO Items	-269	439	-387	227	129	-435	0
PBT after EO Exp.	**9,095**	**7,453**	**11,139**	**11,892**	**13,777**	**16,952**	**19,460**
Total Tax	1,968	1,574	2,978	2,688	3,217	4,479	4,962
Tax Rate (%)	21.6	21.1	26.7	22.6	23.3	26.4	25.5
Minority Interest	0	0	0	0	0	0	0
Reported PAT	**7,127**	**5,879**	**8,162**	**9,204**	**10,560**	**12,473**	**14,498**
Adjusted PAT	**6,916**	**6,225**	**7,878**	**9,369**	**10,659**	**12,153**	**14,498**
Change (%)	5.8	-10.0	26.6	18.9	13.8	14.0	19.3
Margin (%)	20.7	16.6	18.7	20.2	19.5	18.7	19.8

Consolidated - Balance Sheet (INR m)

Y/E March	FY22	FY23	FY24	FY25	FY26	FY27E	FY28E
Equity Share Capital	172	253	253	251	251	251	251
Total Reserves	32,472	33,627	35,421	37,652	45,020	54,313	65,114
Net Worth	**32,644**	**33,880**	**35,674**	**37,903**	**45,271**	**54,564**	**65,364**
Total Loans	19	15	15	26	2,120	2,120	2,120
Deferred Tax Liabilities	463	977	1,085	1,105	1,179	1,179	1,179
Capital Employed	**33,125**	**34,872**	**36,773**	**39,034**	**48,570**	**57,862**	**68,663**
Gross Block	22,857	24,012	25,191	29,461	32,242	36,306	39,819
Less: Accum. Deprn.	7,738	9,046	10,400	11,841	13,572	15,385	17,478
Net Fixed Assets	**15,120**	**14,966**	**14,792**	**17,620**	**18,670**	**20,921**	**22,341**
Capital WIP	1,529	2,095	2,565	1,763	2,581	2,516	2,003
Total Investments	**707**	**5,465**	**3,580**	**4,732**	**5,963**	**5,963**	**5,963**
Curr. Assets, Loans&Adv.	**22,645**	**24,265**	**25,448**	**26,034**	**34,335**	**43,959**	**55,729**
Inventory	7,911	8,156	8,284	9,039	9,385	14,891	16,983
Account Receivables	10,198	10,569	12,468	11,827	18,539	18,680	20,468
Cash and Bank Balance	2,118	3,309	1,308	1,762	1,048	4,002	11,074
Loans and Advances	2,418	2,231	3,388	3,406	5,363	6,387	7,204
Curr. Liability & Prov.	**6,875**	**11,919**	**9,611**	**11,116**	**12,978**	**15,497**	**17,373**
Account Payables	3,272	4,227	4,633	4,542	5,443	6,524	7,251
Other Current Liabilities	3,302	7,310	4,405	5,537	6,720	8,002	9,026
Provisions	301	382	573	1,036	815	971	1,095
Net Current Assets	**15,770**	**12,346**	**15,836**	**14,919**	**21,357**	**28,462**	**38,356**
Appl. of Funds	**33,126**	**34,872**	**36,773**	**39,033**	**48,570**	**57,862**	**68,663**

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**	**97.0**	**115.7**
Cash EPS	65.2	60.1	73.7	86.2	98.8	111.4	132.4
BV/Share	260.4	270.3	284.6	302.4	361.2	435.3	521.5
DPS	6.4	11.5	15.4	19.1	22.5	25.4	29.5
Payout (%)	11.4	24.7	23.8	26.0	26.7	25.5	25.5
Valuation (x)							
P/E	63.7	70.7	55.9	47.0	41.3	36.2	30.4
Cash P/E	53.9	58.4	47.7	40.7	35.5	31.5	26.5
P/BV	13.5	13.0	12.3	11.6	9.7	8.1	6.7
EV/Sales	13.2	11.8	10.5	9.4	8.1	6.8	5.9
EV/EBITDA	46.9	52.2	37.8	33.3	29.2	24.8	20.8
Dividend Yield (%)	0.2	0.3	0.4	0.5	0.6	0.7	0.8
FCF per share	29.0	48.8	51.1	67.0	13.5	43.7	79.2
Return Ratios (%)							
RoE	22.1	18.7	22.7	25.5	25.6	24.3	24.2
RoCE	22.3	18.8	22.8	25.9	25.3	23.5	23.5
RoIC	23.1	21.4	28.5	30.2	29.4	27.7	29.2
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	84	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	2.8	3.2
Interest Cover Ratio	80.1	123.2	143.8	56.5	83.0	147.9	186.9
Net Debt/Equity	-0.1	-0.3	-0.1	-0.2	-0.1	-0.1	-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	16,517	19,460
Depreciation	1,253	1,308	1,354	1,441	1,731	1,813	2,093
Interest & Finance Charges	-655	58	72	207	161	-658	-843
Direct Taxes Paid	-1,968	-1,513	-3,121	-3,230	-3,590	-4,479	-4,962
(Inc)/Dec in WC	-2,427	665	-998	1,789	-6,529	-3,716	-2,822
CF from Operating incl EO	**5,082**	**7,918**	**7,851**	**11,572**	**5,292**	**9,477**	**12,926**
(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**	**5,477**	**9,926**
(Pur)/Sale of Investments	-190	-3,907	1,774	-977	-1,109	0	0
Others	857	56	270	378	421	765	942
CF from Investments	**-741**	**-5,596**	**654**	**-3,767**	**-4,285**	**-3,235**	**-2,058**
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	-107	-100
Dividend Paid	-816	-897	-6,422	-3,494	-3,497	-3,181	-3,697
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**	**-3,288**	**-3,797**
Inc/Dec of Cash	**-259**	**1,191**	**-2,006**	**986**	**-673**	**2,954**	**7,072**
Opening Balance	2,014	1,755	2,947	940	1,926	1,254	4,208
Closing Balance	**1,755**	**2,947**	**940**	**1,926**	**1,254**	**4,208**	**11,280**
Unrealised loss / (gain) on forex	362	362	367	-171	-207	-207	-207
Total Cash & Cash Eq	**2,118**	**3,309**	**1,307**	**1,756**	**1,048**	**4,001**	**11,073**

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