

**BUY**

TP: Rs 3,347 | ▲ 16%

**AJANTA PHARMA**

| Pharmaceuticals

| 06 May 2026

## Strong Earnings; FY27 to be healthier than FY26

- Sales/EBITDA/PAT grew by 15.7%/6.8%/21.5% above our estimates. Tax rate reported at 23% vs expected 25.3%
- Sales guided to grow at 16–18%, driven by outperformance across geographies; increased our domestic sales growth rate to 15% for FY27
- Increased domestic and US sales growth led to rise in estimates. Ascribe 29x and rollforward to March'28 to arrive at a PT of Rs 3347

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**Earnings above estimates** - Ajanta reported earnings above our estimates on all fronts, with sales growing by 21.5% YoY to Rs 4.2bn, EBITDA growing by 12.2% YoY to Rs 3.3bn, and PAT growing by 18.4% YoY to Rs 2.7bn. The growth in sales was largely driven by 55% YoY growth in the US region and 37% YoY growth in the Branded Africa business, which offset lower 9% growth in the domestic business and a 10% decline in the Asia business. Ajanta was impacted by the Middle East war, which affected its Asia branded business; thus, EBITDA margin fell 193 bps YoY to 23.5%.

**Branded generic business to grow in mid-teens** – Ajanta’s domestic business is expected to grow in the mid-teens, driven by outperformance in dermatology, pain, and ophthalmology therapies. The Asia business is expected to report mid-teens growth, driven by a low base and recovery from the Middle East war, while the branded Africa business is also likely to grow in the mid-teens, driven by new launches. Overall, we expect the branded generics business to grow at a CAGR of 13% over FY26–29 to Rs 53bn, without factoring in gSemaglutide sales.

**US generics growth to normalize** - Ajanta’s US business has grown exceptionally well, as it continues to be a preferred partner for its distributors. Going forward, growth is expected to remain strong due to the full-year impact of new launches and manageable price erosion. Thus, we expect the US business to grow at a CAGR of 17% over FY26–29 to Rs 25bn by FY29.

**Margins likely to sustain at 27%** - Management expects EBITDA margins to sustain at 27% for FY27E due to: 1) better productivity in the domestic business, 2) recovery in the Asia branded business, and 3) sustainable gross margins.

**Valuation** - Due to outperformance and a strong outlook, we have increased our domestic and US sales estimates to factor in higher growth. This has increased our sales/EPS estimates by 8%/2% for FY27E and 10%/4% for FY28E. We believe all regions would continue their growth momentum; hence, ascribe a P/E of 29x and roll forward to Mar'28 EPS to arrive at a target price of Rs 3,347 (earlier Rs 3,215).

### Key changes

Target	Rating
▲	◀ ▶

Ticker/Price	AJP IN/Rs 2,898
Market cap	US\$ 3.8bn
Free float	31%
3M ADV	US\$ 3.2mn
52wk high/low	Rs 3,228/Rs 2,330
Promoter/FPI/DII	66%/10%/15%

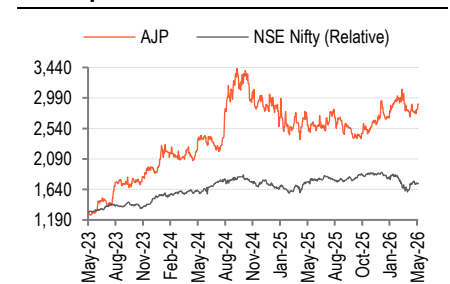
Source: NSE | Price as of 5 May 2026

### Key financials

Y/E 31 Mar	FY25A	FY26E	FY27E
Total revenue (Rs mn)	46,481	54,529	64,169
EBITDA (Rs mn)	12,595	13,948	16,916
Adj. net profit (Rs mn)	9,204	10,560	12,372
Adj. EPS (Rs)	72.8	83.6	97.9
Consensus EPS (Rs)	74.7	83.6	98.5
Adj. ROAE (%)	25.4	25.8	25.0
Adj. P/E (x)	39.8	34.7	29.6
EV/EBITDA (x)	29.2	26.3	21.6
Adj. EPS growth (%)	12.8	14.7	17.2

Source: Company, Bloomberg, BOBCAPS Research

### Stock performance



Source: NSE



## Financial Highlights

**Fig 1 – Quarterly results: Comparison of Actuals with Estimates**

(Rs mn)	Q4FY26	Q4FY25	YoY (%)	Q3FY26	QoQ (%)	Q4FY26E	Var (%)
Net Sales	14,216	11,704	21.5	13,748	3.4	12,286	15.7
Total Expenses	10,882	8,733	24.6	9,926	9.6	9,164	18.8
(%) of net sales	76.5	74.6		72.2		74.6	
Raw material consumed	3,048	2,834	7.5	2,863	6.5	2,703	12.8
(%) of net sales	21.4	24.2		20.8		22.0	
Staff cost	3,407	2,798	21.8	3,305	3.1	3,072	10.9
(%) of net sales	24.0	23.9		24.0		25.0	
R&D cost	651	630	3.4	630	3.4	563	15.7
(%) of net sales	4.6	5.4		4.6		4.6	
SG&A	3,776	2,471	52.8	3,128	20.7	2,826	33.6
(%) of net sales	26.6	21.1		22.8		23.0	
EBITDA	3,334	2,971	12.2	3,822	(12.8)	3,123	6.8
Depreciation	454	398	14.1	435	4.3	430	5.5
EBIT	2,880	2,574	11.9	3,387	(15.0)	2,693	7.0
Interest	24	61	(61.1)	51	(53.7)	53	(55.5)
Other Income	614	181	239.2	250	146.0	300	104.8
PBT	3,471	2,694	28.8	3,586	(3.2)	2,940	18.1
Less: Taxation	(804)	(442)	82.1	(848)	(5.2)	(745)	8.0
Recurring PAT	2,667	2,253	18.4	2,738	(2.6)	2,195	21.5
Less: Minority Interest	0	0	-	0	-	0	-
PAT attributable to shareholders	2,667	2,253	18.4	2,738	(2.6)	2,195	21.5
<b>Key Ratios (%)</b>							
Gross Margin	78.6	75.8	277.5	79.2	(61.9)	78.0	55.9
EBITDA Margin	23.5	25.4	(193.5)	27.8	(435.0)	25.4	(196.5)
Tax / PBT	23.2	16.4	677.7	23.7	(49.0)	25.3	(216.4)
NPM	18.8	19.2	(48.6)	19.9	(115.3)	17.9	89.3
EPS	21.8	18.4	340.8	20.8	108.3	20.7	116.0

Source: Company, BOBCAPS Research

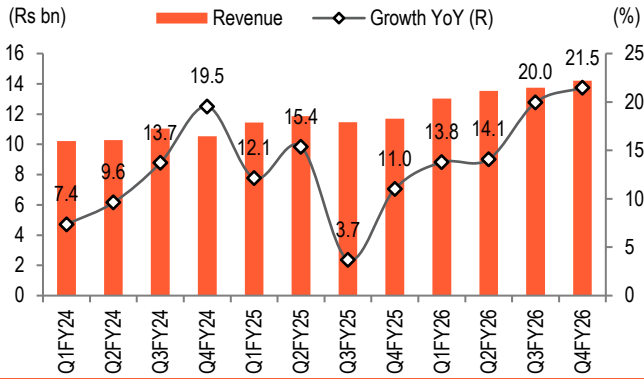
**Fig 2 – Segmental Revenue**

(Rs mn)	Q4FY26	Q4FY25	YoY (%)	Q3FY26	QoQ (%)	Q4FY26E	Var (%)
Domestic sales	4040	3690	9	4090	(1)	4,244	(5)
Asia	2740	3030	(10)	2880	(5)	2,576	6
Africa	1820	1330	37	2300	(21)	1,380	32
Branded business	8600	8050	7	9270	(7)	8199	5
US	5050	3250	55	3990	27	3738	35
Africa Institution	480	280	71	410	17	350	37
Total Sales	14130	11580	22	13670	3	12286	15
Other Operating Income	86	124		78		0	
Total Income	14216	11,704	21	13,748	3	12,286	16

Source: Company, BOBCAPS Research

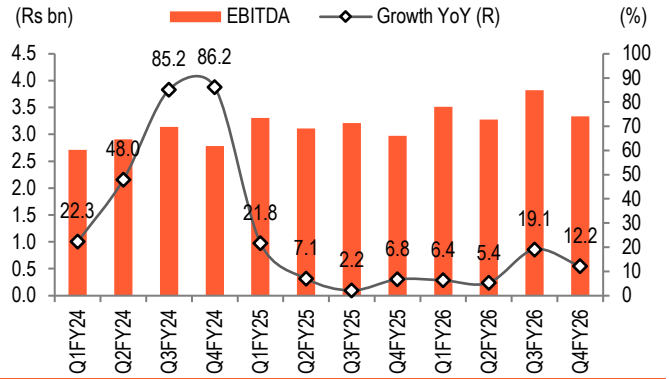
## Financial Charts

**Fig 3 – Revenue growth driven by higher sales across geographies**



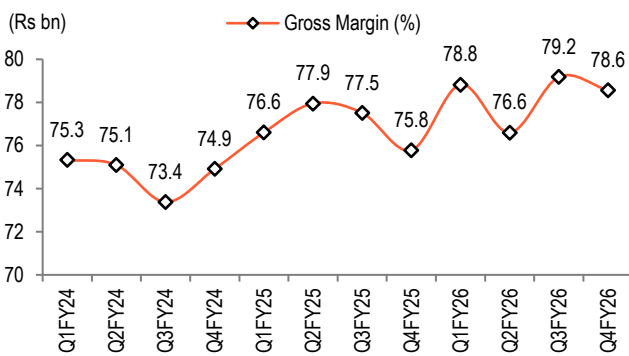
Source: Company, BOBCAPS Research

**Fig 4 – EBITDA growth driven by better product mix**



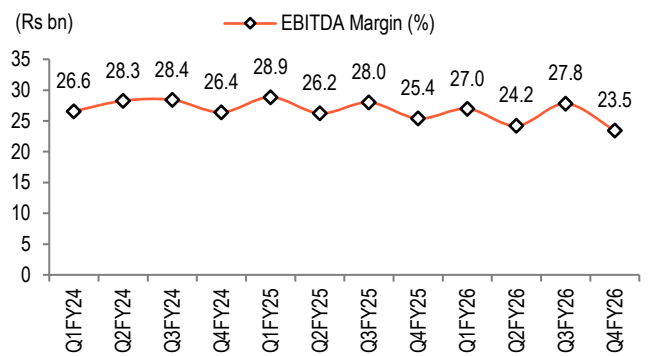
Source: Company, BOBCAPS Research

**Fig 5 – Gross Margin driven by Favourable Branded Mix**



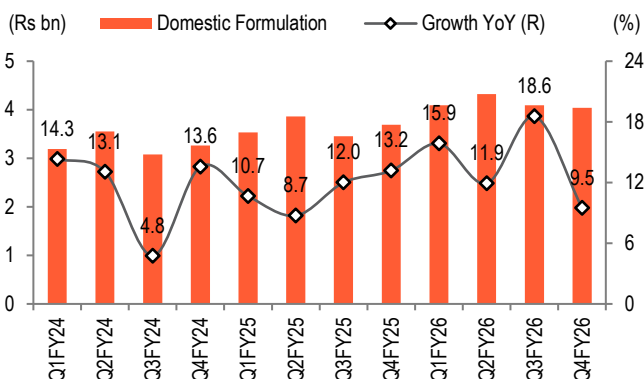
Source: Company, BOBCAPS Research

**Fig 6 – EBITDA Margin dips in Q4FY2026 on MTM Forex Headwind**



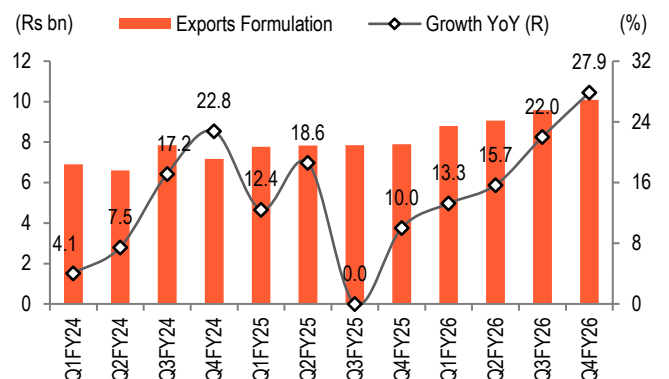
Source: Company, BOBCAPS Research

**Fig 7 – Domestic sales driven by growth across therapies**



Source: Company, BOBCAPS Research

**Fig 8 – Exports growth driven by US that grew largely on new launches**



Source: Company, BOBCAPS Research

## Earning Call Highlights

### Outlook

- **Gross Margin:** Expected around ~77% ±1% for FY27.
- **EBITDA Margin:** Confident of maintaining 27% ±1% for FY27.
- **ETR:** ~26–26.5% for FY27 (up from 23% in FY26, as one manufacturing facility transitions out of exemption period).
- **Capex:** ~Rs 4000 Mn for FY27 (Rs 1500 Mn maintenance + Rs 2500 Mn capacity expansion at existing sites).
- **US:** Mid-single digit growth guided for FY27.
- **Asia:** High double-digit growth FY27.
- **Africa Branded:** High double-digit growth FY27.
- **India:** Mid-teens growth FY27.
- **R&D:** Expected to continue ~5% of revenue.
- **Overall Revenue Growth:** High teens (16–18%) for FY27.

### Financial Highlights

- **Q4 Revenue from Operations (RFO):** Rs 14220 Mn vs Rs 11700 Mn last year (+21% YoY). Full year revenue: Rs 54,530 Mn vs Rs 46,480 Mn (+17% YoY). Milestone year - revenue crossed Rs 50,000 Mn and PAT crossed Rs 10,000 Mn for the first time.
- **Return Ratios (Mar 2026):** ROCE ~33%, RONW ~25%.
- **Gross Margin:** Q4 ~79%, Full Year ~78%.
- **EBITDA:** Q4 stood at Rs 3,330 Mn vs Rs 2,970 Mn last year (+12% YoY). Full year EBITDA at Rs 13,950 Mn vs Rs 12,600 Mn (+11% YoY). Margin at 23% for Q4 and 26% for full year. Excluding MTM forex loss of Rs 103 crore, full year EBITDA margin aligned with guidance of ~27%.
- **PAT:** Q4 PAT at Rs 2670 Mn vs Rs 2250 Mn (+18% YoY). Full year PAT at Rs 10,560 Mn vs Rs 9200 Mn (+15% YoY). PAT margin stable at 19% for both Q4 and full year.
- **Employee Cost:** Q4: Rs 3,410 Mn vs Rs 2,800 Mn (+22% YoY); Full year: Rs 12,910 Mn vs Rs 10,900 Mn (+18% YoY). Increase driven by addition of ~300 MRs across branded generics businesses. Additional provision of Rs 90 Mn made under new Government of India Labour Code.
- **Other Expenses (5% of Revenue):** Q4: Rs 4,430 Mn vs Rs 3,100 Mn (+43% YoY), includes MTM hedge loss of Rs 42 crore; ex-MTM increase was 29%. Full year: Rs 15,830 Mn vs Rs 12,280 Mn (+13% YoY), includes MTM hedge loss of Rs

103 crore; ex-MTM increase was 21%. MTM forex gain under other income stood at Rs 97 crore for the full year.

- **Depreciation:** Up YoY due to continued commissioning of new manufacturing capacity.
- **Working Capital:** Trade receivables at 125 days vs 94 days last year - shift from factoring to working capital loans (P&L neutral); management considers this the new normal given high US mix. Inventory improved to 63 days from 72 days last year.
- **CapEx:** Full year CapEx at Rs 3500 Mn, in line with guidance.
- **Inspection:** FDA inspection at Paithan facility resulted in five Form 483 observations; company to respond within prescribed timelines. No impact on existing supplies or new filings; business continues as normal.

### Branded Generic Business

- Asia and Africa branded generics contributed 38% of total revenue.

#### Asia

- Asia branded generics sales stood at Rs 2740 Mn in Q4 vs Rs 3030 Mn last year, a 10% YoY decline; full year sales at Rs 11,760 Mn vs Rs 11,910 Mn, a marginal decline of 1%.
- Performance was below internal expectations, largely due to logistics challenges stemming from geopolitical developments in the Middle East causing significant supply chain disruptions impacting dispatches during Q4.
- Logistics have now gradually normalised - earlier stranded shipments are getting rerouted, though transit times have increased and freight costs have risen significantly.
- Demand in the region remains intact; no demand-side challenges observed.
- 15 new products launched during FY26, primarily in chronic therapies.
- ~130–150 MRs to be added (~5–6% increase).

#### Africa Branded

- Africa branded generics sales rose to Rs 1820 Mn in Q4 from Rs 1330 Mn last year, a 37% YoY growth; full year sales at Rs 8610 Mn vs Rs 7500 Mn, a 15% YoY growth.
- One new product launched in Q4, taking total launches for the year to 8.
- Africa outperformed expectations for the full year; high double-digit growth guided for FY27.

#### India

- India business contributed 30% to total FY26 revenue; 26 new products launched including five first-time-in-India launches.
- Q4 India sales at Rs 4040 Mn vs Rs 3690 Mn last year (+9% YoY). Full year sales at Rs 16,540 Mn vs Rs 14520 Mn (+14% YoY).
- Trade generics contributed Rs 490 Mn in Q4 (flat YoY); Rs 1880 Mn for the full year vs Rs 1790 Mn last year.
- As per IQVIA MAT March 2026, Ajanta ranked 24th in IPM (up from 26th last year), outperforming with 13% growth vs IPM growth of 10%.
- India growth breakup: Volume~3.6% , Price ~4.8% , New Products ~4.7% of the 13% total growth. Volume growth ~30% higher than industry.
- Cardiology 36%, Ophthalmology 31%, Dermatology 23%, Pain 10% of India branded sales.
- ~300 MRs added in FY26, taking total India field force to ~3,750. Current PCPM at Rs 3.7 lakhs/month; steady-state PCPM expected at Rs 4–4.5 lakhs/month.
- 250–300 MRs planned to be added in FY27 across all therapies pan-India.
- Gynaecology new therapy progressing better than internal expectations; expected to contribute meaningfully over the next 2–3 years. Nephrology making positive progress but will take longer to scale than Gynaecology.
- Q4 India growth of 9% was an aberration; IMS secondary data and internal data remain positive.

### US Generics

- US generics sales rose to Rs 5050 Mn in Q4 from Rs 3250 Mn last year, a 56% YoY growth; full year sales at Rs 15570 Mn vs Rs 10470 Mn (+49% YoY). US contribution to total revenue increased to 29% in FY26.
- Growth driven by eight new launches over the past 15 months, market share gains, and seasonal flu product benefit in Q4.
- Growth was primarily volume-driven; company is the preferred partner for distributors/customers due to reliable supply and quality standards.
- 4–5 new launches planned for FY27, mostly in H2
- No supply chain disruption for US business from Middle East conflict; pricing trends continue normally.

### Africa Institutional

- Africa Institutional sales grew to Rs 490 Mn in Q4 from Rs 280 Mn last year (+71% YoY); full year sales at Rs 1600 Mn vs Rs 1470 Mn (+9% YoY).
- Contributed ~3% of total revenue for FY26; improved H2 order flow supported full year performance.

## GLP-1 / Semaglutide

- Semaglutide filings to commence in Q1 FY27 across markets outside India; regulatory approvals expected in 1.5–2 years from filing.
- India is also a focus market; Ajanta is "one of the contenders" for the first wave of domestic launches.
- Emerging markets (Asia & Africa) expected to see lower competition (4–5 players), better pricing, and healthier margins vs India.
- GLP-1 revenues expected to become meaningful only in FY29–FY30 (Year 3–4 from now); not factored into FY27 guidance.

## Other Highlights

- Freight and raw material costs are rising due to Middle East conflict; fully absorbed in P&L. ~2–3 months of elevated cost impact factored into FY27 EBITDA margin guidance of 27%.
- Promoter pledge increase is on account of two non-executive brothers pledging shares for their own new businesses; zero pledge from MD Yogesh Agarwal and JMD Rajesh Agarwal.
- AI/digitalization initiative formally launched ; focus on integrating rich operational data across verticals with an AI layer to support better decision-making; no near-term R&D cost impact expected.

### Valuation methodology

Ajanta reported a good set of numbers, largely driven by strong performance in the US and Africa branded businesses. Due to outperformance and a strong outlook, we have increased our domestic and US sales estimates to factor in higher growth. This has increased our sales/EPS estimates by 8%/2% for FY27E and 10%/4% for FY28E.

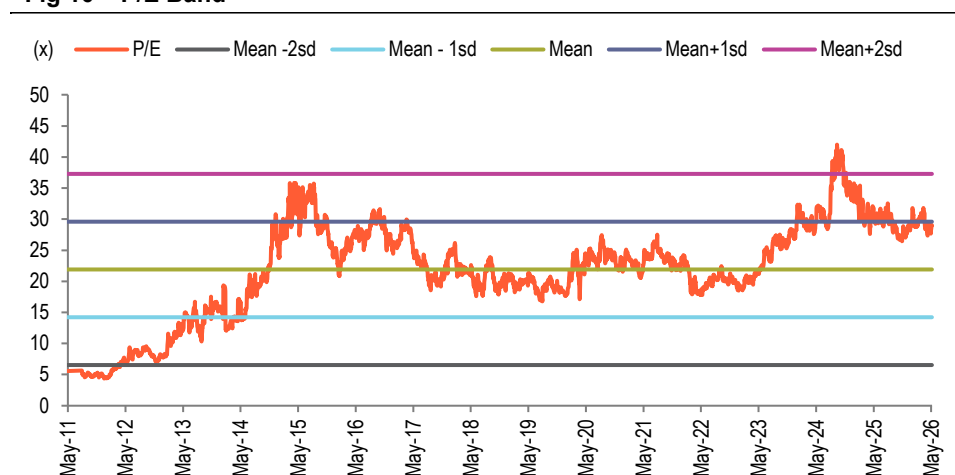
Thus, we expect sales/EBITDA/PAT CAGRs of 14%/17%/15%, respectively. We believe all regions will continue their growth momentum; hence, we ascribe a P/E of 29x and roll forward to Mar'28 EPS to arrive at a target price of Rs 3,347 (earlier Rs 3,215).

**Fig 9 – Revised estimates**

(Rs mn)	New			Old			Change (%)		
	FY2026A	FY2027E	FY2027E	FY2026A	FY2027E	FY2027E	FY2026A	FY2027E	FY2027E
Revenue	54,529	64,169	72,553	52,599	59,417	65,673	4	8	10
EBITDA	13,948	16,916	19,841	13,737	16,255	18,670	2	4	6
EBITDA M (%)	26	26	27	26	27	28	(0.5bps)	(1.0bps)	(1.1bps)
EPS	84.2	98.7	115.4	79.8	96.5	111.1	6	2	4

Source: BOBCAPS Research

**Fig 10 – P/E Band**



Source: Bloomberg

## Financials

### Income Statement

Y/E 31 Mar (Rs mn)	FY25A	FY26E	FY27E	FY28E	FY29E
<b>Total revenue</b>	<b>46,481</b>	<b>54,529</b>	<b>64,169</b>	<b>72,553</b>	<b>80,432</b>
EBITDA	12,595	13,948	16,916	19,841	22,362
Depreciation	1,441	1,731	1,847	2,028	2,268
EBIT	11,154	12,217	15,069	17,814	20,094
Net interest inc./(exp.)	(207)	(161)	(200)	(210)	(211)
Other inc./(exp.)	945	1,721	1,850	1,950	2,050
Exceptional items	0	0	0	0	1
EBT	11,892	13,777	16,719	19,554	21,933
Income taxes	2,688	3,217	4,347	5,084	5,703
Extraordinary items	0	0	0	0	0
Min. int./Inc. from assoc.	0	0	0	0	0
<b>Reported net profit</b>	<b>9,204</b>	<b>10,560</b>	<b>12,372</b>	<b>14,470</b>	<b>16,231</b>
Adjustments	0	0	0	0	0
<b>Adjusted net profit</b>	<b>9,204</b>	<b>10,560</b>	<b>12,372</b>	<b>14,470</b>	<b>16,231</b>

### Balance Sheet

Y/E 31 Mar (Rs mn)	FY25A	FY26E	FY27E	FY28E	FY29E
Accounts payables	4,542	5,443	6,329	7,156	7,933
Other current liabilities	5,089	6,238	4,492	4,353	2,413
Provisions	919	794	934	1,056	1,171
Debt funds	127	2,208	2,208	2,208	2,208
Other liabilities	0	0	0	0	1
Equity capital	251	251	251	251	251
Reserves & surplus	36,893	44,314	54,211	65,787	78,772
Shareholders' fund	37,144	44,564	54,462	66,038	79,022
<b>Total liab. and equities</b>	<b>47,820</b>	<b>59,247</b>	<b>68,424</b>	<b>80,810</b>	<b>92,747</b>
Cash and cash eq.	1,763	1,048	1,010	1,715	2,165
Accounts receivables	11,827	18,539	21,097	24,847	27,545
Inventories	9,039	9,385	10,548	11,728	12,561
Other current assets	1,635	3,557	5,134	7,618	10,858
Investments	4,640	5,884	7,649	9,943	12,926
Net fixed assets	17,155	18,254	20,407	22,379	24,111
CWIP	1,763	2,581	2,581	2,581	2,581
Intangible assets	0	0	0	0	0
Deferred tax assets, net	0	0	0	0	0
Other assets	0	0	0	0	0
<b>Total assets</b>	<b>47,820</b>	<b>59,247</b>	<b>68,424</b>	<b>80,810</b>	<b>92,747</b>

### Cash Flows

Y/E 31 Mar (Rs mn)	FY25A	FY26E	FY27E	FY28E	FY29E
<b>Cash flow from operations</b>	<b>12,612</b>	<b>5,397</b>	<b>8,402</b>	<b>10,103</b>	<b>10,891</b>
Capital expenditures	(2,000)	(3,000)	(4,000)	(4,000)	(4,000)
Change in investments	(1,153)	(1,244)	(1,765)	(2,295)	(2,983)
Other investing cash flows	0	0	0	0	0
<b>Cash flow from investing</b>	<b>(3,153)</b>	<b>(4,244)</b>	<b>(5,765)</b>	<b>(6,295)</b>	<b>(6,983)</b>
Equities issued/Others	(2)	0	0	0	0
Debt raised/repaid	(226)	2,081	0	0	0
Interest expenses	(207)	(161)	(200)	(210)	(211)
Dividends paid	(1,841)	(2,112)	(2,474)	(2,894)	(3,246)
Other financing cash flows	(6,780)	(1,675)	0	0	0
<b>Cash flow from financing</b>	<b>(9,056)</b>	<b>(1,868)</b>	<b>(2,674)</b>	<b>(3,104)</b>	<b>(3,457)</b>
<b>Chg in cash &amp; cash eq.</b>	<b>403</b>	<b>(715)</b>	<b>(37)</b>	<b>705</b>	<b>451</b>
<b>Closing cash &amp; cash eq.</b>	<b>1,763</b>	<b>1,048</b>	<b>1,010</b>	<b>1,715</b>	<b>2,167</b>

### Per Share

Y/E 31 Mar (Rs)	FY25A	FY26E	FY27E	FY28E	FY29E
Reported EPS	72.8	83.6	97.9	114.5	128.5
Adjusted EPS	72.8	83.6	97.9	114.5	128.5
Dividend per share	14.7	16.8	19.7	23.1	25.9
Book value per share	423.5	508.1	621.0	753.0	901.1

### Valuations Ratios

Y/E 31 Mar (x)	FY25A	FY26E	FY27E	FY28E	FY29E
EV/Sales	7.9	6.7	5.7	5.0	4.5
EV/EBITDA	29.2	26.3	21.6	18.4	16.4
Adjusted P/E	39.8	34.7	29.6	25.3	22.6
P/BV	6.8	5.7	4.7	3.8	3.2

### DuPont Analysis

Y/E 31 Mar (%)	FY25A	FY26E	FY27E	FY28E	FY29E
Tax burden (Net profit/PBT)	77.4	76.7	74.0	74.0	74.0
Interest burden (PBT/EBIT)	106.6	112.8	110.9	109.8	109.2
EBIT margin (EBIT/Revenue)	24.0	22.4	23.5	24.6	25.0
Asset turnover (Rev./Avg TA)	31.8	32.4	31.0	29.0	26.9
Leverage (Avg TA/Avg Equity)	1.0	1.0	1.0	1.0	1.0
<b>Adjusted ROAE</b>	<b>25.4</b>	<b>25.8</b>	<b>25.0</b>	<b>24.0</b>	<b>22.4</b>

### Ratio Analysis

Y/E 31 Mar	FY25A	FY26E	FY27E	FY28E	FY29E
<b>YoY growth (%)</b>					
Revenue	10.4	17.3	17.7	13.1	10.9
EBITDA	7.5	10.7	21.3	17.3	12.7
Adjusted EPS	12.8	14.7	17.2	17.0	12.2
<b>Profitability &amp; Return ratios (%)</b>					
EBITDA margin	27.1	25.6	26.4	27.3	27.8
EBIT margin	24.0	22.4	23.5	24.6	25.0
Adjusted profit margin	19.8	19.4	19.3	19.9	20.2
Adjusted ROAE	25.4	25.8	25.0	24.0	22.4
ROCE	33.1	33.2	32.7	31.6	29.6
<b>Working capital days (days)</b>					
Receivables	93	124	120	125	125
Inventory	71	63	60	59	57
Payables	36	36	36	36	36
<b>Ratios (x)</b>					
Gross asset turnover	1.9	2.0	2.0	2.0	2.0
Current ratio	2.3	2.6	3.2	3.7	4.6
Net interest coverage ratio	53.8	75.8	75.3	84.8	95.2
<b>Adjusted debt/equity</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>

Source: Company, BOBCAPS Research | Note: TA = Total Assets

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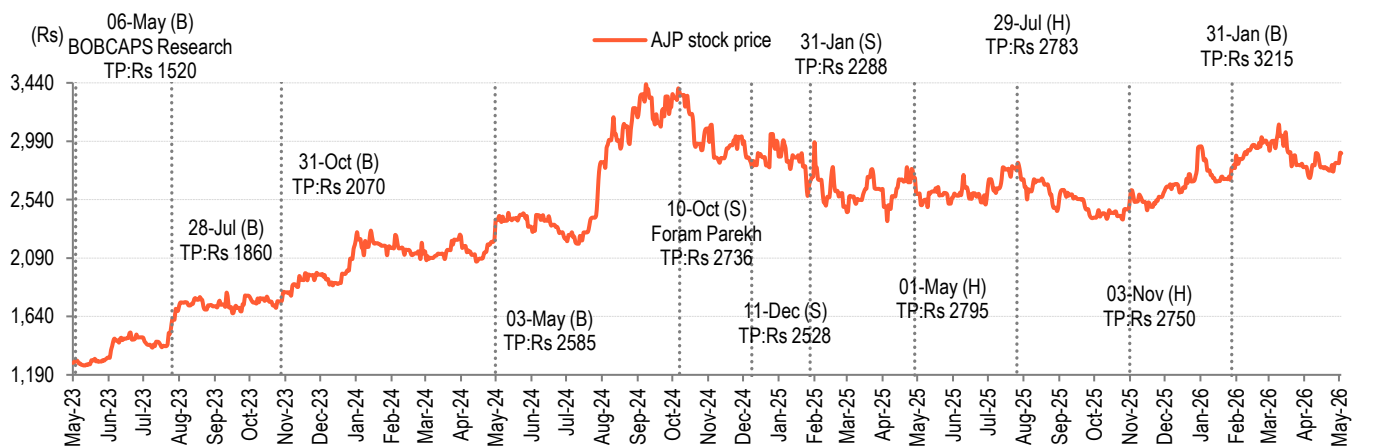
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**BUY** – Expected return >+15%  
**HOLD** – Expected return from -6% to +15%  
**SELL** – Expected return <-6%

**Note:** Recommendation structure changed with effect from 21 June 2021

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