



PL Capital
PRABHUDAS LILLADHER

Ajanta Pharma (AJP IN)

Rating: BUY | CMP: Rs2,550 | TP: Rs3,200



Leveraging BGx franchise to accelerate growth

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Ajanta Pharma (AJP IN)

Company Initiation

Rating: BUY | CMP: Rs2,550 | TP: Rs3,200

Leveraging BGx franchise to accelerate growth

We initiate coverage on AJP with 'BUY' rating and TP of Rs3,200/share, 25% upside from current levels. AJP's play on high growth branded generics (BGx) market spread across India, Asia and Africa contributed 74% to total revenue in FY25 and delivered 12.5% CAGR over FY22-25. We expect AJP to clock 13% revenue CAGR over FY25-28E driven by increased focus on branded formulations, penetration into newer therapies and scaleup in US generics.

Overall, we expect EBITDA/PAT CAGR of 17%/ 16% over FY25-28E with healthy RoE/RoCE of 28.5%/35.6% in FY27E. At CMP, AJP is trading at 24x P/E and 17x EV/EBITDA as of Sep FY27E. We value AJP at 30x P/E on Sep FY27E EPS based on its ability to generate higher RoE/RoCE compared to peers and strong exposure to BGx markets. Initiate with 'BUY'.

Play on branded generic (BGx) business: AJP's BGx business enjoys healthy OPM of 30%. BGx business contributed ~74% of overall revenue in FY25 and delivered 12.5% CAGR in revenue over FY22-25. We believe the momentum will continue on the back of new launches, geographic expansion, new therapeutic addition and volume growth. We have factored ~13% of CAGR revenue over FY25-28E for the BGx business.

Strong hold in domestic markets: Domestic formulations constituted 32% of the total turnover in FY25. AJP is focused on 4 high-growth specialty therapies: cardiac, ophthal, derma and pain management. Thus, the portfolio is driven by chronic therapies with ~65% contribution, which is very sticky. Over the last 3 years, AJP has outperformed IPM by ~200-300bps. During FY25, the company entered 2 new therapies – nephrology and gynecology – and acquired 3 brands in pain management. New therapeutic additions, market share gain and new launches will help domestic business register ~13% revenue CAGR over FY25-28E.

Niche franchise in Asia and Africa, first-mover advantage: BGx business in Asia and Africa contributed 42% to total revenue in FY25 and clocked 11.5% CAGR over FY22-25. The company has presence in 30 countries across Asia and Africa with 2,040 MRs and has been a pioneer in introducing field force in some of these markets. The company has been strategically strengthening this business through increased investments in both products and people, thus driving growth along with further therapeutic diversification. We factor in ~13%/~11% revenue CAGR over FY25-28E from BGx business across Asia/Africa.

Best-in-class return metrics: AJP has managed to maintain its OPM at 26-27% over the past few years. We see moderate improvement in margins in FY26E as the full impact of opex related to new therapeutic additions will be reflected during the year. We expect 320bps margin improvement over FY25-28E led by its focus toward BGx business. AJP continues to generate strong FCF of Rs7-10bn annually, majority of which is distributed through dividends and share buybacks. However, AJP is also open to explore any M&A across branded generic markets. With improving utilization and asset turnover, we expect strong FCF generation of ~Rs25bn and RoCE expansion of ~800bps to 38% over FY25-28E.

Key Financials - Consolidated

Y/e Mar	FY25	FY26E	FY27E	FY28E
Sales (Rs. m)	46,481	52,342	58,936	66,113
EBITDA (Rs. m)	12,595	14,465	17,131	20,014
Margin (%)	27.1	27.6	29.1	30.3
PAT (Rs. m)	9,204	10,183	12,211	14,271
EPS (Rs.)	73.4	81.2	97.4	113.8
Gr. (%)	12.8	10.6	19.9	16.9
DPS (Rs.)	55.0	50.0	55.0	60.0
Yield (%)	2.2	2.0	2.2	2.4
RoE (%)	25.0	25.9	28.4	29.8
RoCE (%)	30.3	32.5	35.7	37.7
EV/Sales (x)	6.8	6.1	5.4	4.8
EV/EBITDA (x)	25.2	22.0	18.5	15.8
PE (x)	34.7	31.4	26.2	22.4
P/BV (x)	8.4	7.8	7.1	6.3

Key Data

AJPH.BO | AJP IN

52-W High / Low	Rs. 3,464 / Rs. 2,022
Sensex / Nifty	82,694 / 25,330
Market Cap	Rs. 319 bn/ \$ 3,628 m
Shares Outstanding	125m
3M Avg. Daily Value	Rs. 352.85m

Shareholding Pattern (%)

Promoter's	66.26
Foreign	8.86
Domestic Institution	17.50
Public & Others	7.38
Promoter Pledge (Rs bn)	-

Stock Performance (%)

	1M	6M	12M
Absolute	(5.1)	(1.0)	(19.0)
Relative	(7.5)	(11.2)	(18.6)

Param Desai

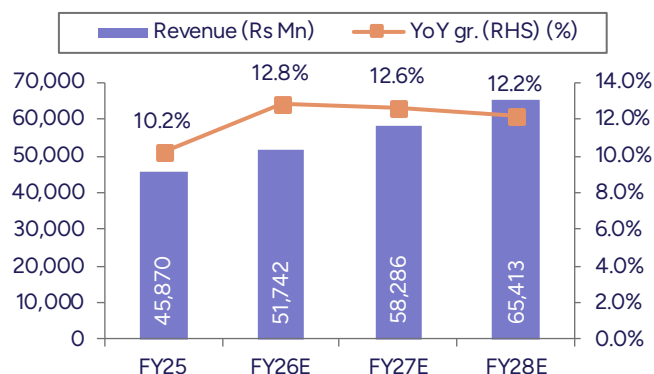
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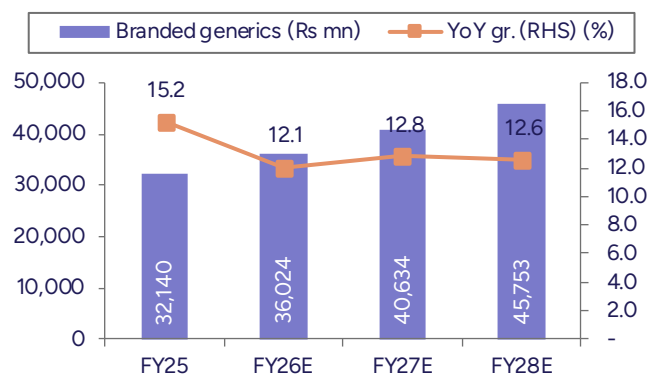
Story in Charts

Exhibit 1: Consol revenue to clock ~13% CAGR over FY25-28E



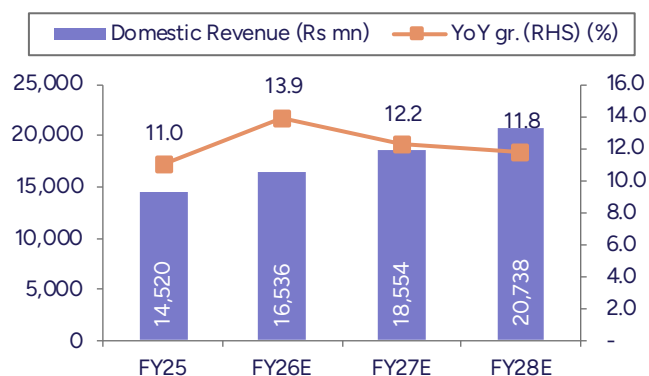
Source: Company, PL

Exhibit 2: BGx to grow at ~13% CAGR over FY25-28E



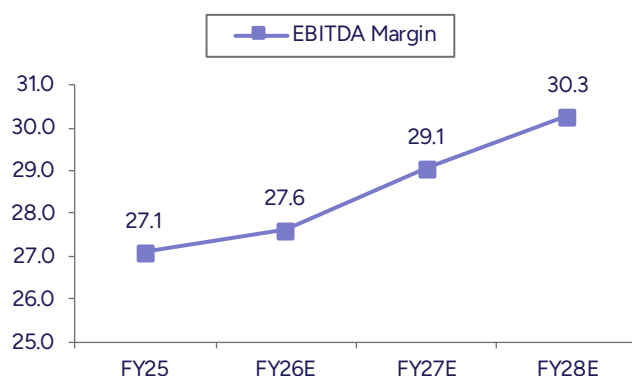
Source: Company, PL

Exhibit 3: Domestic to deliver ~13% CAGR over FY25-28E



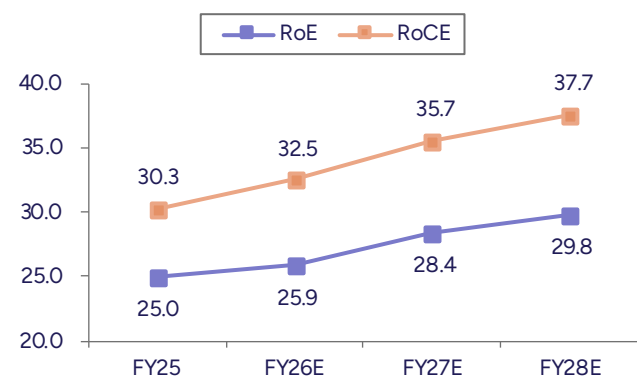
Source: Company, PL

Exhibit 4: EBITDA margin to improve 320bps over FY25-28E



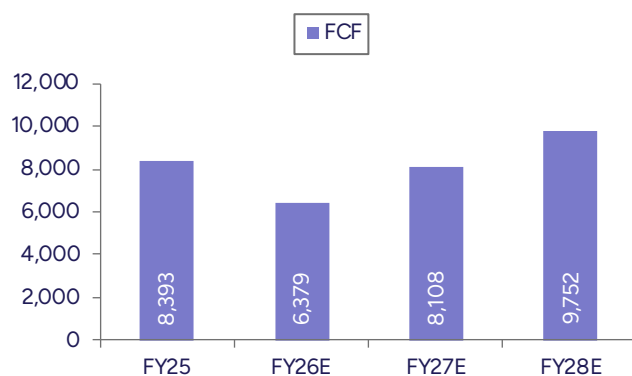
Source: Company, PL

Exhibit 5: Healthy return ratios with further improvement



Source: Company, PL

Exhibit 6: Strong FCF generation over FY25-28E



Source: Company, PL

Company overview

AJP: Diversified business model with strong focus on BGx

Specialty pharma company deriving 68% of revenue from exports, primarily to Asia and Africa, its major BGx markets

Strong chronic-focused portfolio with many first-to-market products

~11% of domestic portfolio is under NLEM

Ajanta Pharma Ltd (AJP), incorporated in 1973 and headquartered in Mumbai, is a specialty pharmaceutical company focused on the development, manufacturing and marketing of finished dosage formulations. With a strong foundation in BGx, AJP has built robust presence across both domestic and international markets.

The company operates a well-diversified business model, with a significant share of revenue coming from exports (68%). BGx includes exports to over 30 emerging markets across Africa, Asia, the Middle East and the CIS region, alongside a growing footprint in the US generics space.

Asia and Africa are AJP's major BGx export markets, together contributing ~62% to its total export formulations. The company is also actively involved in anti-malarial tender programs across the African continent.

AJP maintains a strong on-ground presence in these emerging markets through a field force of over 2,040 MRs and boasts a substantial portfolio of 220+ brands in branded export markets. Key therapeutic areas include anti-infectives, anti-malaria, ophthalmology, dermatology, cardiovascular, and gastrointestinal care. While it continues to focus on Africa and Asia, AJP also has a limited but growing footprint in Latin America.

In India, AJP has a strong chronic-focused product portfolio led by a first-to-market strategy and front-end presence, which helps it outperform the market. AJP produces a comprehensive range of specialty products targeting different therapeutic segments. It focuses largely on high-growth therapeutic areas such as cardiology, ophthalmology, dermatology and pain management.

AJP has built a strong manufacturing and innovation base with 7 state-of-the-art manufacturing facilities across India. Its Paithan and Dahej plants are USFDA compliant, enabling participation in highly regulated markets.

The company has set up an advanced R&D center for finished formulations and API synthesis of different dosage forms in Mumbai. It is also focusing on offering a novel delivery system.

APL's global reach is supported by 4 subsidiaries across key geographies—namely, the Philippines, the US, and Mauritius. The Mauritius arm operates in CIS and the Franco-African corridor. The Philippines entity focuses on local brand building and marketing, while the US subsidiary functions as a corporate support center to streamline operations in the country.

AJP introduced 107 products during FY22-25, with an impressive 27 of them being first-to-market launches, highlighting its strong focus on innovation and differentiation. The company supports its domestic operations with a sizable field force of ~3,520 MRs. Notably, AJP has minimal exposure to government price controls, with 11% of portfolio under NLEM.

AJP's specialty-driven approach, combined with a deep understanding of regional healthcare needs, positions it as a strong player in branded formulations across geographies.

Exhibit 7: Exhibit: Milestones

Year	Key developments
1973	Incorporated by setting up a small repackaging unit and launching 4 products under its own brand
1979	Set up its first manufacturing capacity in Chikalthana, Maharashtra, and launched first OTC product
1984	Built a new facility in Paithan. Entered into institutional business
1995	Established dedicated R&D facility at Kandivali and set up manufacturing facilities in Mauritius and CIS
2000	Listed on NSE and BSE
2002	Entered domestic prescription market with specialty segment field force
2007	Expanded its R&D facility with independent premises in Kandivali
2008	Received USFDA approval for its Paithan facility
2009	Commenced API plant operations in Waluj, Aurangabad
2009	Acquired manufacturing facility at Chitegaon, Aurangabad
2010	Entered Philippines market through Ajanta Pharma Philippines Inc
2012	Ranked among top 10 pharma companies in Franco Africa
2013	Commenced sales to US markets
2014	Set up another R&D center at Kandivali for India and emerging markets
2014	Inaugurated new facility in Dahej, Bharuch
2017	Inaugurated and commissioned 1 st phase of new facility in Guwahati, Assam
2019	Wholly owned subsidiary Ajanta Pharma UK Ltd dissolved on 18 th Dec'18
2020	Completed and operationalized new facilities at Pithampur, and 3 rd phase of Guwahati plant
2025	Acquired 3 brands in pain management segment for domestic branded formulations business

Source: Company, PL

BGx contributes to ~74% of FY25 revenues, logs 12.5% CAGR over FY22–25

BGx growth momentum to sustain with projected ~13% CAGR over FY25–28E, led by chronic focus, first-to-market launches, and a strong MR base

Investment Rationale

Play on branded generic business (BGx)

Driven by a differentiated portfolio where nearly 50% of products are first-to-market, contribution of BGx has been steadily increasing, from 65% in FY21 to 74% of total sales in FY25. The business is spread across India and 30 emerging countries across Africa and Asia (includes Southeast Asia, mainly the Philippines; West Asia, mainly Iraq, and CIS).

Exhibit 8: BGx contribution at ~74% of sales in FY25



Source: Company, PL

AJP is strengthening this business by prioritizing chronic therapies, thus ensuring long-term and consistent growth. Its strong chronic focus, supported by the first-to-market approach, enables it to consistently outperform the market. The company has 550+ products in these markets with 50% being first to market. Its strong marketing network is largely backed by a field force of 5,550 MRs, spread across Asia and Africa. During FY22-FY25, AJP added +1600 MRs led by addition of new therapies in India, significant expansion in existing therapies with addition of 250+ new MRs after a long gap of 7 years and acquisition of three brands in pain management in India.

Exhibit 9: Increasing MR base by +1600 over FY22-25

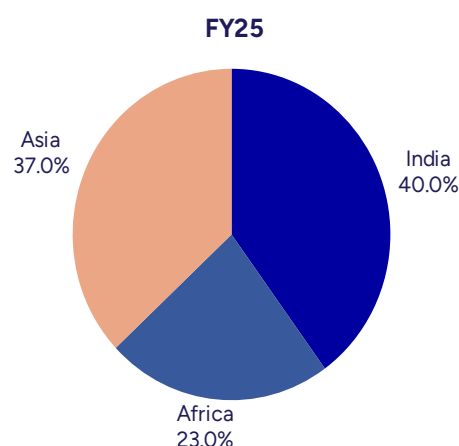


Source: Company, PL

Indian business is primarily focused on 4 therapies – cardiac, ophthal, derma and pain management. For Asia and Africa, the company offers a customized set of products covering therapies like antibiotics, anti-malarial, anti-diabetes, cardiac, gynec, ortho, pediatric, respiratory and general health.

In export markets, AJP's BGx approach is customized country by country, ensuring regulatory compliance while addressing local therapeutic needs. The company invests significantly in product development, supported by its R&D infrastructure, which enables a steady stream of complex and high-value formulations.

Exhibit 10: BGx revenue mix in FY25

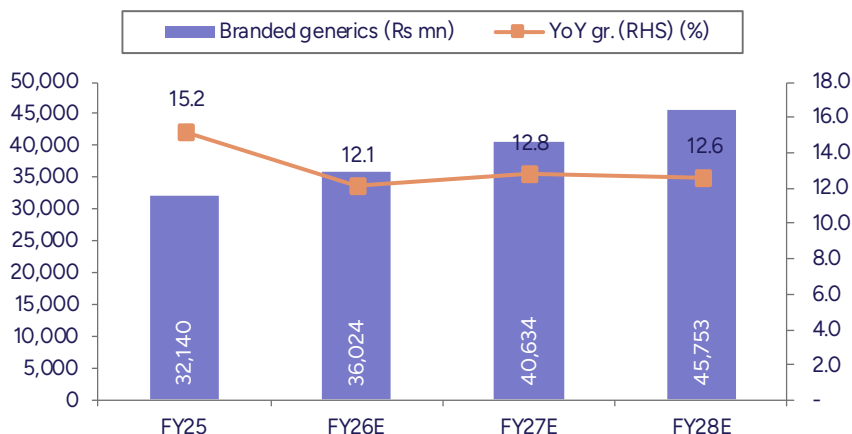


Source: Company, PL

BGx business enjoys healthy OPM and spans across India, Asia and Africa. With consistent margins, controlled R&D costs, and a growing pipeline of differentiated products, AJP remains well-positioned to sustain leadership in BGx. Among peers, AJP generates the highest revenue from BGx markets known for their high entry barriers and the need for well-established distribution infrastructure. BGx business delivered 12.5% CAGR in revenue over FY22-25.

We believe the momentum will continue the back of chronic focus, first-to-market launches, and a strong MR base. As the global focus shifts from volume to value in generics, its model, which is centered on innovation, quality and execution, makes it a compelling long-term play. We have factored in ~13% of revenue CAGR over FY25-28E for the BGx business.

Exhibit 11: BGx to grow at ~13% CAGR over FY25-28E



Source: Company, PL

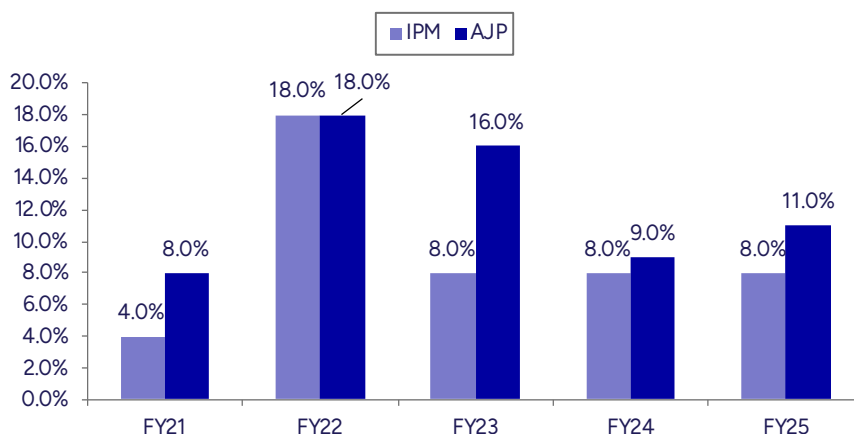
Strong hold in domestic markets

Domestic formulations contribute 32% of revenue with chronic portfolio mix at 65%

Outperforms IPM by ~200-300bps over 2-3years

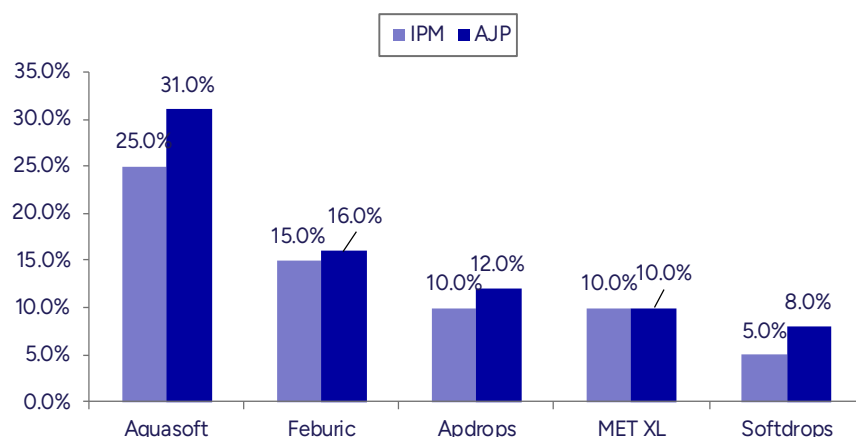
Domestic formulations constituted 32% of total turnover in FY25. The portfolio is largely driven by the branded formulations business, which accounts for ~88% of domestic formulations, primarily focusing on 4 high-growth specialty therapies – cardiac, ophthal, derma and pain management. In the markets covered, AJP is the 5th largest in IPM and amongst the top 10 in all its therapeutic segments. It has 14 brands in the Rs250mn category and 55% concentration from top 10 brands in India (FY25). Portfolio is largely driven by chronic therapies with ~65% contribution, which is very sticky in nature. Over the last 2-3 years, the company has been able to outperform IPM by ~200-300bps. In FY25, 32 new products were launched with 8 being the first to market. The company has 330+ products with 50% first-to-market products.

Exhibit 12: AJP outperforms IPM by ~300bps in FY25



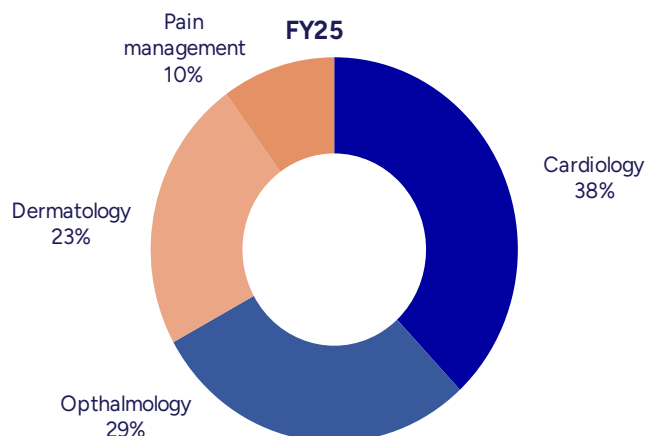
Source: Company, PL

Exhibit 13: Top AJP brands beat IPM in FY25



Source: Company, PL

Exhibit 14: Therapy mix in FY25



Source: Company, PL

Cardiology segment contributed 38% of domestic revenue in FY25. AJP has launched several innovative products such as Met XL (India's first extended-release metoprolol), Atorfit CV (a mix of atorvastatin and clopidogrel), Cinod (for high blood pressure), Rosutor Gold (a triple combination of aspirin, rosuvastatin, and clopidogrel), Dapalex (an SGLT2 inhibitor), and Vilatin (a DPP4 inhibitor). These products are leaders in their respective categories and are well-trusted by doctors. AJP's cardiology segment faced headwinds a few years back due to stagnation in key brands like Met XL and Atorfit, heightened competitive intensity in a crowded therapy area, leading to price erosion, and limited traction from new product launches. As a result, the segment's revenue underperformed IPM growth. Its Met XL brand was included in India's NLEM 2022, leading to fixation of ceiling price and slowdown in its volume. For FY24, Met XL contributed ~10% to domestic revenue.

However, the management has taken steps to revive growth and guided performance delivery in line with IPM growth.

As of Mar'25, AJP ranks 17th in India's cardiology market, according to IQVIA.

Top therapies include cardiology, dermatology, ophthalmology and pain

Acquires 3 pain management brands and enters newer therapies such as nephrology and gynecology

Ophthalmology segment ranked 2nd in the Indian eye-care market, according to IQVIA. As of Mar'25, the portfolio contributed 29% to domestic revenue. AJP has introduced many eye drops for the first time in India. Some of its well-known products include Bimat (for glaucoma), Nepaflam (for inflammation), Softdrops (as eye lubricant), and Olopat (for allergies). The company offers almost all types of NSAID medicines used in eye treatments. It also has 1-2 promising ophthalmic products in the pipeline.

With an improved market position, comprehensive portfolio, and upcoming pipeline, AJP is well-placed to sustain growth momentum in ophthalmology.

Dermatology segment ranked 16th in India, as per IQVIA MAT Mar'25 data. AJP has a good presence in the segment. The segment contributed 23% to domestic revenue in FY25. Some of its popular products include Melacare cream for melasma, Pacroma (a topical immune modulator), Salisia KT (anti-dandruff shampoo), and Aquasoft (moisturizing lotion). These products are among the top in their respective categories. The company has several new launches planned in the segment.

Strong brands, steady revenue contribution, and planned launches provide AJP a solid platform for continued scale-up in this segment.

Pain management contributed 10% to domestic revenue in FY25. AJP ranked 27th in India, as per IQVIA MAT ranking for Mar'25. Its brand 'Feburic', indicated for anti-gout therapy, enjoys top position for the febuxostat molecule in India. Recently, it has acquired 3 brands in the pain management segment with combined annual sales of Rs150-170mn.

AJP's established flagship brand, supported by recent acquisitions, enhances its presence in pain management and creates scope for further market share gains.

Entry into newer therapies

During FY25, the company entered into nephrology and gynecology segments. IPM size for these two segments stands at Rs160bn. It also added 200+ MRs and launched 12 products in these segments.

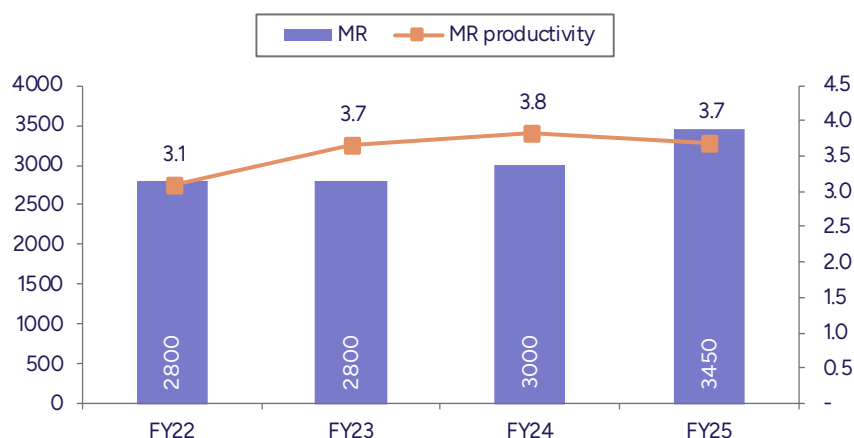
AJP offers a wide range of innovative products in its **nephrology** portfolio that support patients through all stages of kidney diseases – from pre-dialysis to dialysis and even after kidney transplant. Some key products include Renagold DS, Dabanox, Fumac, Tocyl, Phenolac S, and Valpose.

In the **gynecology** segment, AJP has introduced products like Amgest, Apcor, Caltuf, Dagiran, Fedate, Menoroz, Poliquin, and Spazio. These medicines are designed to treat a variety of women's health issues such as PCOS, endometriosis, threatened miscarriage, and repeated pregnancy loss.

Overall, it has a strong product pipeline across its key segments, which are expected to contribute to growth, followed by newer therapies.

Also, AJP has consistently increased its field force productivity. We believe there is room for further increase in productivity, thereby benefiting margins. MR strength stood at 3,520 in Q1FY26, added 70 MRs in Q1 with total target of 150 MRs in FY26.

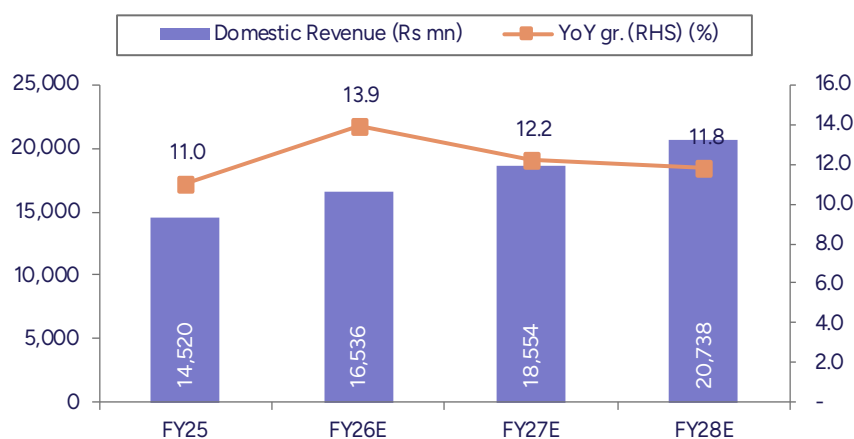
Exhibit 15: MR productivity at ~Rs0.4mn/month over FY22-25



Source: Company, PL

We believe new therapeutic additions, market share gain in existing therapies along with new launches will help the company register ~13% revenue CAGR over FY25-28E in domestic formulations.

Exhibit 16: Domestic revenue to grow ~13% CAGR over FY25-28E



Source: Company, PL

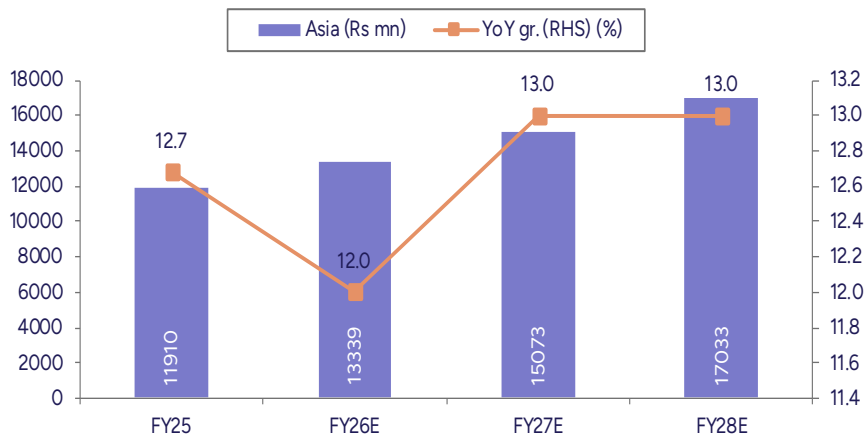
Niche franchise in Asia and Africa, first-mover advantage

BGx business in Asia and Africa contributed ~42% to total revenue in FY25 and grew at 13% CAGR over FY22-25. AJP has presence in 30 countries across Asia (10) and Africa (20) with 2,040 MRs and has been a pioneer in introducing field force in some of these markets.

Asia accounted for 26% of the overall business in FY25. Asia consists of Southeast Asia, Middle East Asia and Central Asia (CIS region). Within Asia, AJP is present in 8 therapies: cardiac, diabetes, opthal, pain management, antibiotics, gastro, antihistamine and respiratory. This market delivered 13.5% CAGR over FY22-25.

The company has increased product registrations in newer markets of CIS, which is likely to support volume in the near term. Further company is enhancing chronic share which should also aid growth.

Exhibit 17: Asia BGx market to grow at ~13% CAGR over FY25-28E

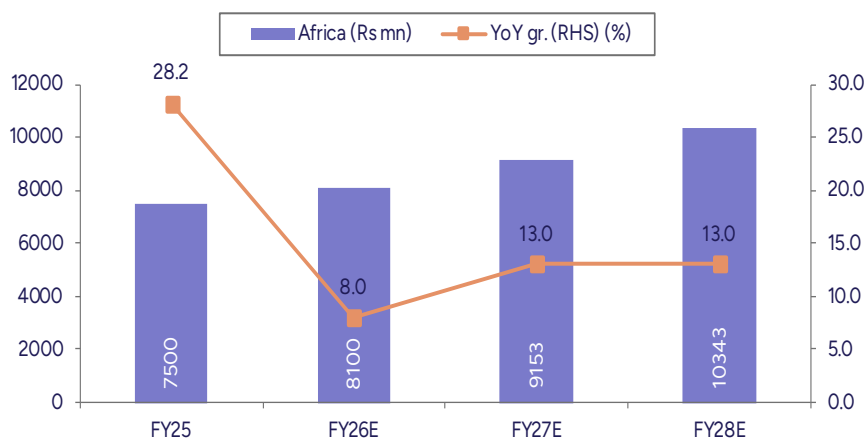


Source: Company, PL

Africa BGx market accounted for 16% of overall revenue in FY25. Its Franco Africa region largely comprises of acute portfolio. The company continues to focus on expanding its presence on the chronic side. Further, MR productivity here has improved over the years, followed by product registration. Smooth supply operations are likely to further aid growth.

Overall, the company has been strategically strengthening its BGx business in Asia and Africa through increased investments in both products and people, thus driving growth. As on date, it has launched 220+ products in these markets. We factor in ~13%/~11% revenue CAGR over FY25-28E from BGx business across Asia/Africa.

Exhibit 18: Africa BGx market to clock ~11% CAGR over FY25-28E



Source: Company, PL

Growth momentum in US generics to continue in FY26E, aided by easing price erosion and product shortages

Attempts underway to reduce dependence on volatile anti-malarial tender business

US generics to sustain growth

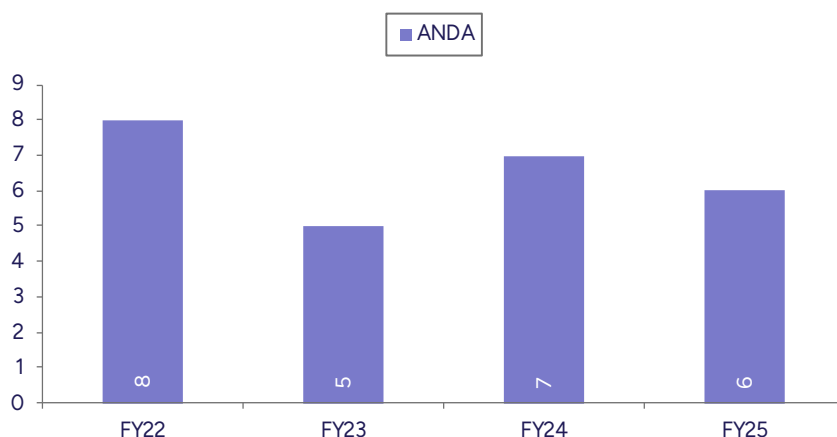
This segment contributed 23% to revenue in FY25 and grew 14.5% CAGR over FY22-25. AJP has been able to scale up revenue from this segment over the period.

Top 10 products contributed ~60% of US revenue in FY25. Some major contributors are Duloxetine, Fenofibrate, Pantoprazole Sod, Cholestyramine, Ranolazine.

AJP is steadily expanding in the US generics market with 53 approved ANDAs and 8-10 new launches on annual basis. Further, the company intends to file 8-10 new ANDAs annually, which should also aid growth in the US.

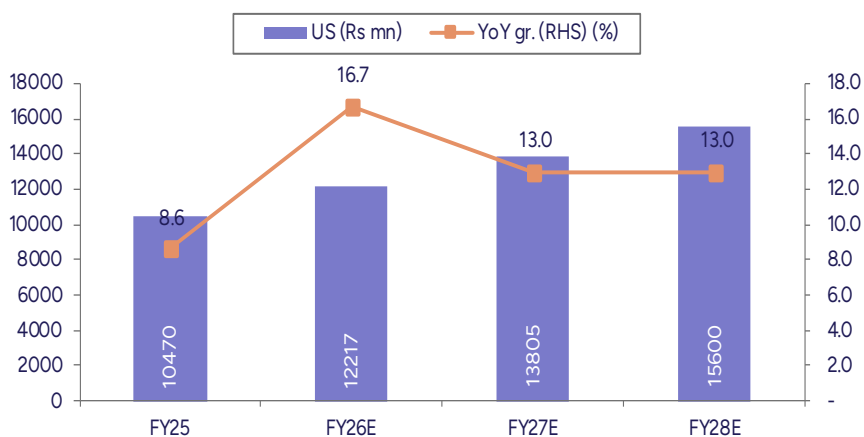
With contribution from new and 21 pending approvals, the US business is projected to grow ~14% CAGR over FY25-28E.

Exhibit 19: ANDA filing trend over FY22-25



Source: Company, PL

Exhibit 20: US generics to clock ~14% revenue CAGR over FY25-28E



Source: Company, PL

De-emphasizing its declining anti-malarial tender business to focus on more stable and scalable growth areas

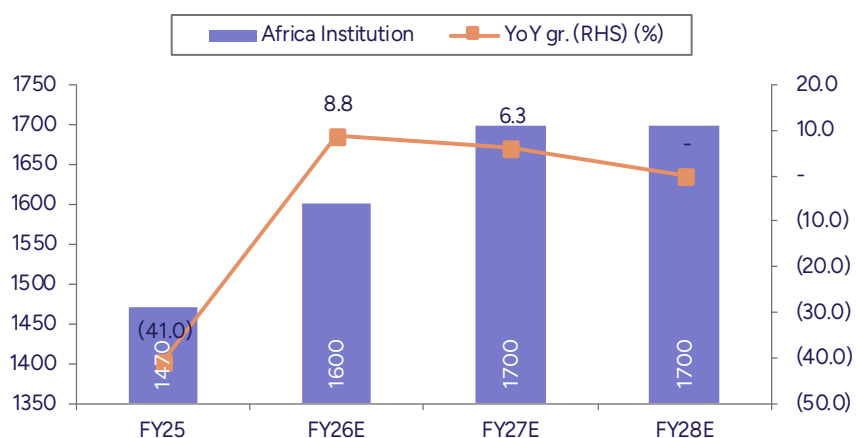
Cautious optimism on Africa institution

AJP's anti-malarial business is driven by supplies to multilateral aid agencies. The company is a key supplier of anti-malarial drugs in Africa under WHO tenders, led by its strong Artemether-Lumefantrine portfolio. This business witnessed muted growth and degrew 10.6% CAGR during FY22-25.

This tender-led segment remains volatile, as it depends on funded procurement for distribution to low-income countries. It contributed to 16% of Africa revenue and mere 3% of overall revenue in FY25.

AJP continues to reduce its reliance on this business. Going forward, share of this segment is expected to diminish further as the company shifts focus toward more sustainable and scalable growth avenues.

Exhibit 21: Focused on reducing Africa institutional mix



Source: Company, PL

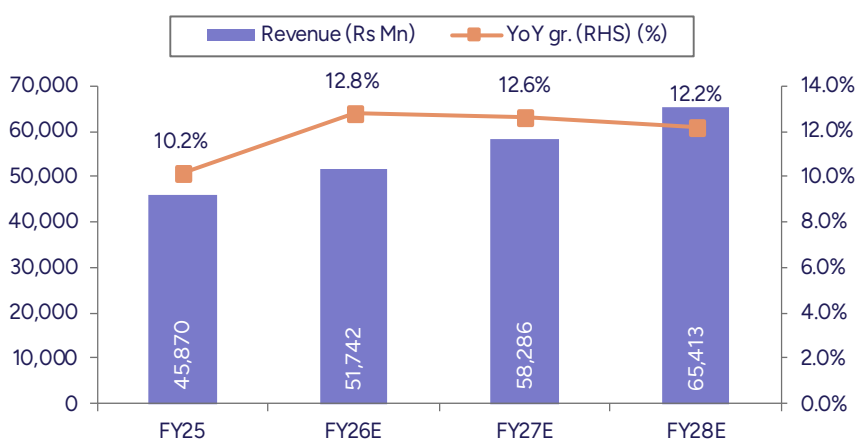
Financial projections

Revenue to grow at ~13% CAGR over FY25-28E

AJP posted healthy revenue growth of ~12% CAGR over FY22-25, reaching Rs46bn, driven by its branded portfolio, which contributed to ~74% of FY25 revenue. Its domestic business has outpaced IPM by ~200-300bps over the last 3 years. AJP has established a solid presence across both domestic and international markets, with the BGx segment delivering 12.5% CAGR during FY22-25.

Looking ahead, we expect revenue to grow at ~13% CAGR over FY25-28E, supported by deeper focus on branded formulations, expansion into new therapies, and scaling up of US generics.

Exhibit 22: Revenue to grow at 13% CAGR over FY25-28E



Source: Company, PL

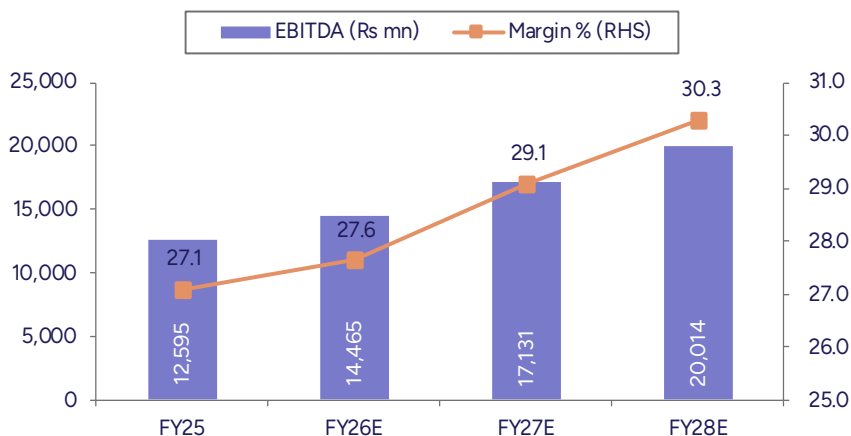
Profitability to increase over FY25-28E

Over the years, AJP has been able to sustain its performance on the operational front. It delivered EBITDA CAGR of ~11% over FY22-25. AJP has consistently increased its field force, benefits of that will be more visible in coming years. AJP has managed to maintain its OPM at 26-27% over the past few years. We see moderate improvement in margins in FY26E as the full impact of opex related to new therapeutic additions will be reflected during the year. We expect 320bps margin improvement over FY25-28E led by its focus toward BGx business, along with RoCE expansion of ~800bps to 38% over FY25-28E.

We believe AJP is well placed to deliver ~17% EBITDA and ~16% PAT CAGR over FY25-28E.

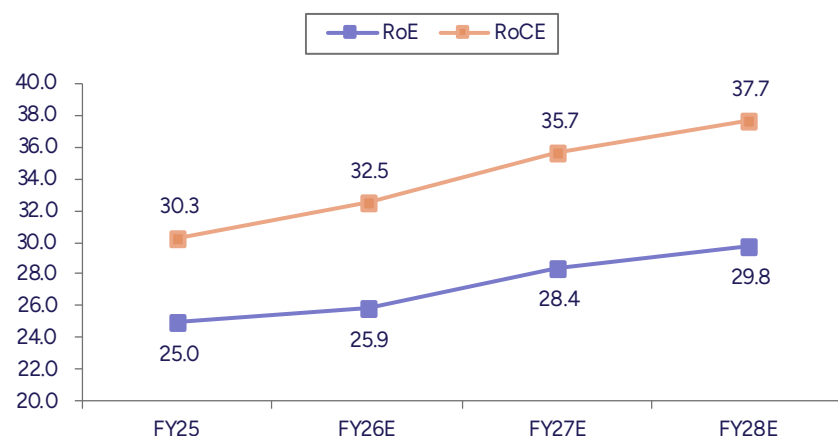
Stable margins, strong cash flow,
 improving returns from branded
 focus

Exhibit 23: EBITDA to grow at ~17% CAGR over FY25-28E



Source: Company, PL

Exhibit 24: Best in class return metrics

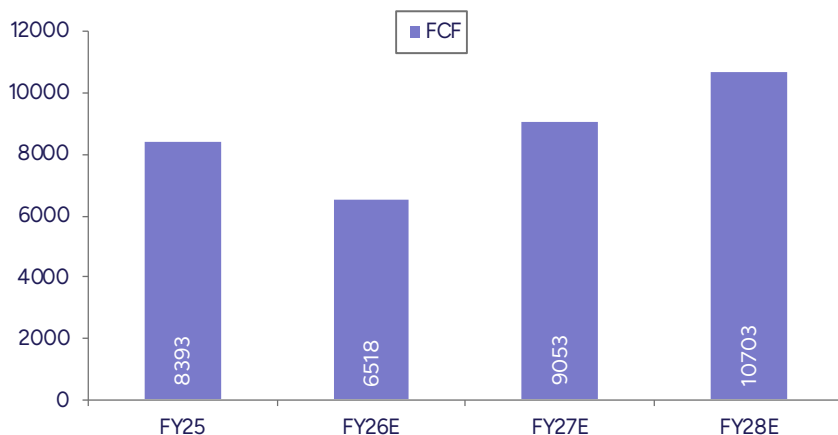


Source: Company, PL

Strong liquidity backed by sound balance sheet

AJP continues to generate strong FCF of Rs7-10bn annually, majority of which is distributed through dividends and share buybacks. It enjoyed net cash position as of FY25. With improving utilization, asset turnover and limited capex, we expect strong FCF generation of ~Rs25bn over FY25-28E. AJP net cash stands at Rs6.2bn as of FY25 end.

Exhibit 25: Upward FCF trajectory to continue



Source: Company, PL

EBITDA to grow ~17% CAGR over FY25-28E

Valuations & Outlook

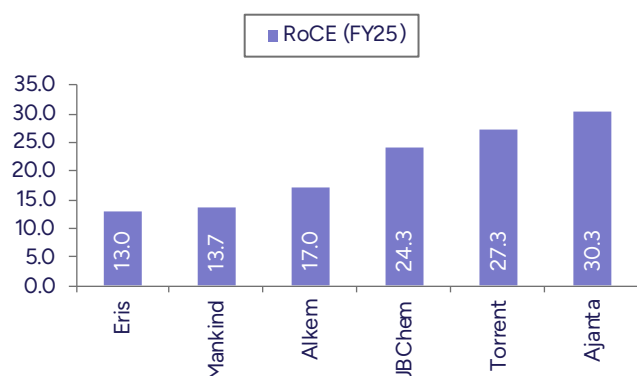
We expect AJP to deliver revenue CAGR of ~13% over FY25–28E, led by its strong BGx franchise (~74% of revenue) across India, Asia and Africa, supported by new launches, expansion into newer therapies, geographic diversification, and scale-up in US generics. This is expected to translate into EBITDA/PAT CAGR of ~17%/~16% each, with healthy RoE/RoCE of ~30%/38% by FY28E. At CMP, AJP trades at 24x P/E and 17x EV/EBITDA Sep'27E. We value the stock at 30x P/E on Sep FY27E EPS, reflecting its superior RoE/RoCE profile versus peers and strong positioning in BGx markets. We initiate coverage with 'BUY' rating and TP of Rs3,200/share, implying 25% upside.

Exhibit 26: Peer valuation

	Mcap (Rs bn)	EV/EBITDA (x)		P/E (x)		RoE (%) FY27E	EPS CAGR (%) FY25-27E	Branded generic biz exposure (%) FY25
		FY26E	FY27E	FY26E	FY27E			
Ajanta	319	22.0	18.5	31.2	26.1	28.5	15	74
Alkem	655	21.6	19.0	28.9	30.7	14.9	-1	70
ERIS Life	224	20.4	17.1	42.9	30.9	20.3	44	90
IPCA	332	16.9	14.2	31.2	26.0	15.0	17	45
JBCP	263	20.8	17.7	32.3	26.9	22.4	22	70
Mankind	1088	29.4	23.7	61.7	41.3	14.8	15	87
Torrent Pharma	1199	28.0	24.2	47.9	38.6	32.1	27	80

Source: Company, PL

Exhibit 27: Superior RoCE compared to peers



Source: Company, PL

Exhibit 28: Comfort in valuation - EV/EBITDA at 18.5x FY27E

Company	EBITDA CAGR (%) FY25-27E	EV/EBITDA (x) FY27E
Ajanta	17.0	18.5
Alkem	13.1	19.0
Eris	15.8	17.1
JBCChem	18.0	17.7
Mankind	21.6	23.7
Torrent	15.2	24.2

Source: Company, PL

Key Risks

Impact of government price controls

Around 11% of AJP's domestic portfolio falls under the NLEM 2025, bringing these drugs under price regulation. While this enhances patient access and affordability, it can exert downward pressure on the company's revenues and profit margins for the affected products.

US market: Execution risk

AJP's expanding US generics presence offers scaling potential but faces challenges such as high inventory needs, persistent price erosion, stringent USFDA compliance, and rising ANDA costs. Future growth also hinges on timely product development and approvals, where delays or regulatory setbacks could derail targets.

Geographic concentration risk

AJP's export revenue is concentrated in Africa and Asia. Consequently, the business remains exposed to region-specific risks such as political instability, economic volatility, or unfavorable currency movements, which could adversely affect performance.

Regulatory compliance risk

With operations across multiple international markets and 7 manufacturing facilities in India, AJP actively needs to mitigate risks by maintaining compliance and consistently clearing audits conducted by major global regulatory bodies.

Board of Directors and Key Management Personnel

Exhibit 29: Board of Directors

Name	Designation	Experience
Mannalal Bhagwandas Agrawal	Chairman	With over 5 decades of business experience, he provides strategic guidance to the Board and executive team on key decisions. His core strengths include business management, industry expertise, finance, taxation, and administration. He is also actively engaged in the company's social initiatives, underscoring his commitment to corporate responsibility.
Madhusudan Bhagwandas Agrawal	Ex Vice Chairman	He brings over 47 years of rich industry experience with strengths in corporate affairs, business development, international business, and strategic management. His leadership, people skills, and strong network have been instrumental in driving company growth. He also actively leads the company's social and philanthropic initiatives.
Yogesh Mannalal Agrawal	Managing Director	A management graduate from Johnson & Wales University, USA, he joined AJP in 1996 and played a key role in its turnaround. Under his leadership, the company emerged as a leading BGx player with a strong global footprint. He has driven growth by expanding R&D and establishing world-class manufacturing facilities, backed by strategic vision and strong execution.
Rajesh Mannalal Agarwal	Jt. Managing Director	He holds a business studies degree from the University of Buckingham, UK, and an MBA from Bentley College, USA. Since joining AJP in 1999, he has led the transformation of its India business transforming it into a top-performing segment, with strong positioning in cardiology, dermatology, ophthalmology and pain management. He also drove growth in the Philippines through innovative, first-to-market products.
David Rasquinha	Independent Director	He is a seasoned international finance professional with over 40 years of experience in export credit and cross-border finance. He holds a degree in economics from the University of Mumbai and an MBA from XLRI, where he earned a gold medal.
Medha Joshi	Independent Director	She is a seasoned banking professional with over 35 years of experience. Her expertise spans risk management, forensic audit, corporate and retail banking, HR, and merchant banking.
Rajesh Dalal	Independent Director	He is a healthcare industry veteran with over 40 years of experience and brings in expertise in business management and strategic advisory.

Source: Company, PL

Exhibit 30: Key Management Personnel

Name	Designation	Experience
Arvind K Agrawal	Chief Financial Officer	He is a CA and has been associated with AJP for nearly 3 decades. He oversees finance, accounting, treasury and risk management, and is a member of the Board's Risk Management Committee.
Gaurang C Shah	Company Secretary	He is a seasoned legal and corporate affairs leader with deep expertise in governance and compliance. His 2-decade-long track record across diverse sectors and his pivotal role at AJP underscore his commitment to legal excellence and corporate integrity.

Source: Company, PL

Financials

Income Statement (Rs m)

Y/e Mar	FY25	FY26E	FY27E	FY28E
Net Revenues	46,481	52,342	58,936	66,113
YoY gr. (%)	10.4	12.6	12.6	12.2
Cost of Goods Sold	24,071	26,730	29,750	33,062
Gross Profit	22,410	25,612	29,186	33,051
Margin (%)	48.2	48.9	49.5	50.0
Employee Cost	-	-	-	-
Other Expenses	9,815	11,147	12,055	13,037
EBITDA	12,595	14,465	17,131	20,014
YoY gr. (%)	7.5	14.9	18.4	16.8
Margin (%)	27.1	27.6	29.1	30.3
Depreciation and Amortization	1,441	1,643	1,803	1,971
EBIT	11,154	12,823	15,329	18,043
Margin (%)	24.0	24.5	26.0	27.3
Net Interest	207	140	100	100
Other Income	945	542	839	1,085
Profit Before Tax	11,892	13,225	16,067	19,028
Margin (%)	25.6	25.3	27.3	28.8
Total Tax	2,688	3,042	3,856	4,757
Effective tax rate (%)	22.6	23.0	24.0	25.0
Profit after tax	9,204	10,183	12,211	14,271
Minority interest	-	-	-	-
Share Profit from Associate	-	-	-	-
Adjusted PAT	9,204	10,183	12,211	14,271
YoY gr. (%)	11.9	10.6	19.9	16.9
Margin (%)	19.8	19.5	20.7	21.6
Extra Ord. Income / (Exp)	-	-	-	-
Reported PAT	9,204	10,183	12,211	14,271
YoY gr. (%)	11.9	10.6	19.9	16.9
Margin (%)	19.8	19.5	20.7	21.6
Other Comprehensive Income	-	-	-	-
Total Comprehensive Income	9,204	10,183	12,211	14,271
Equity Shares O/s (m)	125	125	125	125
EPS (Rs)	73.4	81.2	97.4	113.8

Source: Company Data, PL Research

Balance Sheet Abstract (Rs m)

Y/e Mar	FY25	FY26E	FY27E	FY28E
Non-Current Assets				
Gross Block	28,562	31,590	34,670	37,903
Tangibles	28,562	31,590	34,670	37,903
Intangibles	-	-	-	-
Acc: Dep / Amortization	11,848	13,491	15,294	17,265
Tangibles	11,848	13,491	15,294	17,265
Intangibles	-	-	-	-
Net fixed assets	16,714	18,099	19,376	20,639
Tangibles	16,714	18,099	19,376	20,639
Intangibles	-	-	-	-
Capital Work In Progress	2,669	2,669	2,669	2,669
Goodwill	-	-	-	-
Non-Current Investments	4,773	4,773	4,773	4,773
Net Deferred tax assets	(1,105)	(1,105)	(1,105)	(1,105)
Other Non-Current Assets	-	-	-	-
Current Assets				
Investments	-	-	-	-
Inventories	9,039	10,348	11,657	13,083
Trade receivables	11,827	13,367	15,057	16,898
Cash & Bank Balance	1,762	1,465	2,349	4,399
Other Current Assets	3,248	3,572	3,930	4,323
Total Assets	50,150	54,423	59,953	66,940
Equity				
Equity Share Capital	251	251	251	251
Other Equity	37,652	40,596	44,844	50,429
Total Networth	37,903	40,847	45,095	50,679
Non-Current Liabilities				
Long Term borrowings	-	-	-	-
Provisions	-	-	-	-
Other non current liabilities	-	-	-	-
Current Liabilities				
ST Debt / Current of LT Debt	26	26	26	26
Trade payables	4,542	5,318	5,990	6,723
Other current liabilities	6,574	7,127	7,736	8,406
Total Equity & Liabilities	50,150	54,423	59,953	66,940

Source: Company Data, PL Research

Cash Flow (Rs m)

Y/e Mar	FY25	FY26E	FY27E	FY28E
PBT	11,892	13,225	16,067	19,028
Add. Depreciation	1,441	1,643	1,803	1,971
Add. Interest	207	140	100	100
Less Financial Other Income	945	542	839	1,085
Add. Other	(157)	(681)	(897)	(1,253)
Op. profit before WC changes	13,383	14,326	17,073	19,846
Net Changes-WC	1,419	(1,856)	(2,088)	(2,272)
Direct tax	(3,230)	(3,042)	(3,856)	(4,757)
Net cash from Op. activities	11,572	9,429	11,129	12,817
Capital expenditures	(3,179)	(3,028)	(3,080)	(3,233)
Interest / Dividend Income	-	-	-	-
Others	-	-	-	-
Net Cash from Invt. activities	(3,179)	(3,028)	(3,080)	(3,233)
Issue of share cap. / premium	-	-	-	-
Debt changes	-	-	-	-
Dividend paid	(7,007)	(7,239)	(7,963)	(8,687)
Interest paid	738	562	739	985
Others	(1,668)	(21)	58	168
Net cash from Fin. activities	(7,938)	(6,698)	(7,166)	(7,534)
Net change in cash	455	(297)	883	2,050
Free Cash Flow	8,393	6,401	8,050	9,584

Source: Company Data, PL Research

Key Financial Metrics

Y/e Mar	FY25	FY26E	FY27E	FY28E
Per Share(Rs)				
EPS	73.4	81.2	97.4	113.8
CEPS	84.9	94.3	111.8	129.6
BVPS	302.4	325.9	359.8	404.3
FCF	67.0	51.1	64.2	76.5
DPS	55.0	50.0	55.0	60.0
Return Ratio(%)				
RoCE	30.3	32.5	35.7	37.7
ROIC	23.1	24.2	26.6	28.9
RoE	25.0	25.9	28.4	29.8
Balance Sheet				
Net Debt : Equity (x)	0.0	0.0	(0.1)	(0.1)
Net Working Capital (Days)	128	128	128	128
Valuation(x)				
PER	34.7	31.4	26.2	22.4
P/B	8.4	7.8	7.1	6.3
P/CEPS	30.0	27.0	22.8	19.7
EV/EBITDA	25.2	22.0	18.5	15.8
EV/Sales	6.8	6.1	5.4	4.8
Dividend Yield (%)	2.2	2.0	2.2	2.4

Source: Company Data, PL Research

Quarterly Financials (Rs m)

Y/e Mar	Q2FY25	Q3FY25	Q4FY25	Q1FY26
Net Revenue	11,866	11,461	11,704	13,027
YoY gr. (%)	15.4	11.5	5.9	23.6
Raw Material Expenses	2,617	2,578	2,834	2,759
Gross Profit	9,250	8,883	8,870	10,268
Margin (%)	77.9	77.5	75.8	78.8
EBITDA	3,112	3,208	2,972	3,514
YoY gr. (%)	7.2	10.5	(5.4)	26.3
Margin (%)	26.2	28.0	25.4	27.0
Depreciation / Depletion	344	360	398	413
EBIT	2,768	2,849	2,574	3,101
Margin (%)	23.3	24.9	22.0	23.8
Net Interest	60	79	61	53
Other Income	195	304	181	263
Profit before Tax	2,902	3,074	2,694	3,311
Margin (%)	24.5	26.8	23.0	25.4
Total Tax	738	745	442	758
Effective tax rate (%)	25.4	24.2	16.4	22.9
Profit after Tax	2,165	2,329	2,253	2,553
Minority interest	48	33	85	71
Share Profit from Associates	-	-	-	-
Adjusted PAT	2,117	2,296	2,168	2,482
YoY gr. (%)	8.0	17.1	2.6	28.0
Margin (%)	17.8	20.0	18.5	19.1
Extra Ord. Income / (Exp)	-	-	-	-
Reported PAT	2,117	2,296	2,168	2,482
YoY gr. (%)	8.0	17.1	2.6	28.0
Margin (%)	17.8	20.0	18.5	19.1
Other Comprehensive Income	-	-	-	-
Total Comprehensive Income	2,117	2,296	2,168	2,482
Avg. Shares O/s (m)	-	-	-	-
EPS (Rs)	17.1	18.4	17.8	20.2

Source: Company Data, PL Research

Price Chart

Recommendation History



No.	Date	Rating	TP (Rs.)	Share Price (Rs.)
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Analyst Coverage Universe

Sr. No.	Company Name	Rating	TP (Rs)	Share Price (Rs)
1	Apollo Hospitals Enterprise	BUY	9,300	7,673
2	Aster DM Healthcare	BUY	700	641
3	Aurobindo Pharma	BUY	1,300	1,079
4	Cipla	BUY	1,730	1,533
5	Divi's Laboratories	Accumulate	6,550	6,134
6	Dr. Reddy's Laboratories	Reduce	1,270	1,247
7	Eris Lifesciences	BUY	1,975	1,808
8	Fortis Healthcare	BUY	1,000	884
9	HealthCare Global Enterprises	BUY	620	560
10	Indoco Remedies	Hold	325	322
11	Ipca Laboratories	Accumulate	1,525	1,377
12	J.B. Chemicals & Pharmaceuticals	BUY	2,030	1,778
13	Jupiter Life Line Hospitals	BUY	1,720	1,451
14	Krishna Institute of Medical Sciences	BUY	815	745
15	Lupin	BUY	2,400	1,852
16	Max Healthcare Institute	BUY	1,355	1,221
17	Narayana Hrudayalaya	BUY	2,000	1,830
18	Rainbow Children's Medicare	BUY	1,725	1,541
19	Sun Pharmaceutical Industries	BUY	1,875	1,707
20	Suntech Realty	BUY	650	427
21	Torrent Pharmaceuticals	Accumulate	4,000	3,623
22	Zydus Lifesciences	Accumulate	970	956

PL's Recommendation Nomenclature

Buy : >15%
Accumulate : 5% to 15%
Hold : +5% to -5%
Reduce : -5% to -15%
Sell : < -15%
Not Rated (NR) : No specific call on the stock
Under Review (UR) : Rating likely to change shortly

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