

December 24, 2025

Event Update

☑ Change in Estimates | ■ Target | ■ Reco

Change in Estimates

	Current		Previous	
	FY27E	FY28E	FY27E	FY28E
Rating	BUY		BUY	
Target Price	3,200		3,200	
Sales (Rs. m)	59,975	69,657	59,647	67,332
% Chng.	0.6	3.5		
EBITDA (Rs. m)	17,066	20,266	17,086	20,128
% Chng.	(0.1)	0.7		
EPS (Rs.)	96.1	113.9	96.6	113.9
% Chng.	(0.5)	-		

Key Financials - Consolidated

Y/e Mar	FY25	FY26E	FY27E	FY28E
Sales (Rs. m)	46,481	52,905	59,975	69,657
EBITDA (Rs. m)	12,595	14,546	17,066	20,266
Margin (%)	27.1	27.5	28.5	29.1
PAT (Rs. m)	9,204	10,092	12,047	14,272
EPS (Rs.)	73.4	80.5	96.1	113.9
Gr. (%)	12.8	9.6	19.4	18.5
DPS (Rs.)	55.0	50.0	55.0	60.0
Yield (%)	2.1	1.9	2.1	2.2
RoE (%)	25.0	25.7	28.1	30.0
RoCE (%)	30.3	32.6	35.5	38.2
EV/Sales (x)	7.2	6.3	5.5	4.8
EV/EBITDA (x)	26.4	23.0	19.5	16.4
PE (x)	36.4	33.2	27.8	23.5
P/BV (x)	8.8	8.2	7.5	6.6

Key Data

AJPH.BO | AJP IN

52-W High / Low	Rs.3,116 / Rs.2,022
Sensex / Nifty	85,525 / 26,177
Market Cap	Rs.334bn/ \$ 3,720m
Shares Outstanding	125m
3M Avg. Daily Value	Rs.247.17m

Shareholding Pattern (%)

Promoter's	66.25
Foreign	8.53
Domestic Institution	17.90
Public & Others	7.32
Promoter Pledge (Rs bn)	-

Stock Performance (%)

	1M	6M	12M
Absolute	7.4	4.1	(4.8)
Relative	7.0	(0.3)	(12.6)

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Strategic fit – Adds Semaglutide to RoW portfolio

Ajanta Pharma (AJP IN) signs an in-licensing agreement with Biocon for marketing semaglutide in 26 countries across RoW markets. Given that AJP will be involved in the registration process to get approvals across these markets, we expect it to generate healthy margins. Further, AJP's strong franchise and field force across these markets will enable it to garner higher market share. We expect semaglutide to provide additional ~Rs2bn of sales for AJP with healthy margins in FY28E. Strong annual free cash flow of Rs8–10bn further supports sustained investments and potential inorganic opportunities, reinforcing medium-term growth visibility.

Overall, we expect EBITDA/PAT CAGR of 17%/ 14% over FY25-28E with healthy RoE/RoCE of 28.1%/35.5% in FY27E. At CMP, AJP is trading at 24x P/E and 17.1x EV/EBITDA as of Sep'27E. We value AJP at 30x P/E as of Sep'27E EPS based on its ability to generate higher RoE/RoCE compared to peers and strong exposure to BGx markets. Maintain 'BUY' rating with TP of Rs3,200/share.

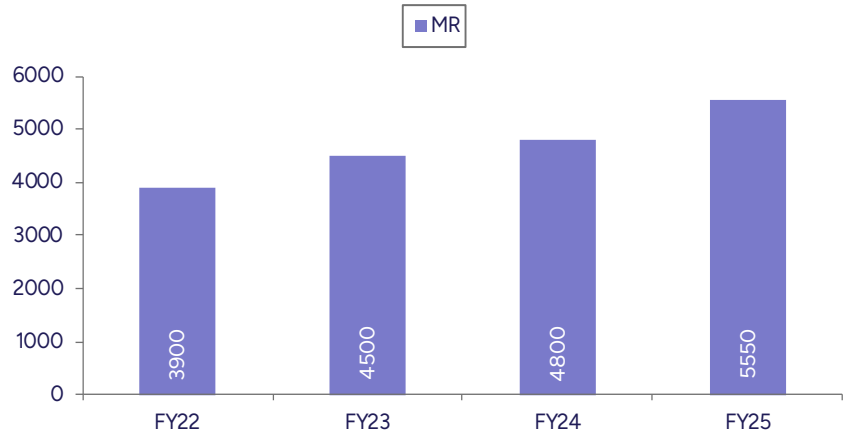
Contours of transaction: AJP has tied up with Biocon under an in-licensing arrangement to commercialize semaglutide across 26 emerging markets. As part of the agreement, Biocon will act as the manufacturing and supply partner, while AJP will undertake commercialization with exclusive rights in 23 markets and semi-exclusive rights in the remaining, covering Africa, the Middle East, and Central Asia. Patent expiry for semaglutide in most of these territories is expected by Mar'26. The management has indicated that revenue contribution should commence post Q3FY27, contingent on securing regulatory approvals across key markets.

Strategic fit with existing franchise: AJP has presence in 30 countries across Asia and Africa with over 2,000 MRs and leadership positions in several geographies. The company has been a pioneer in introducing field force in some of these markets. This will aid AJP to garner higher market share for semaglutide. Addressable semaglutide market stands at USD35–45mn across 26 countries (innovator-led), which is expected to expand 10–20x over the next 2–3 years with the entry of generic players. We expect AJP to garner Rs2bn of sales in FY28E with healthy margins from semaglutide franchise across RoW markets

Play on BGx business: AJP's BGx business enjoys healthy OPM of 30%. The business contributed to ~74% of overall revenue in FY25 and delivered 12.5% CAGR in revenue over FY22-25. During the period, AJP added 1,600+ MRs across India and RoW markets. We believe the growth momentum will continue on the back of new launches, geographic expansion, new therapeutic addition, MR productivity increase and volume growth. We expect the BGx business to see 13-14% revenue CAGR over FY25-28E.

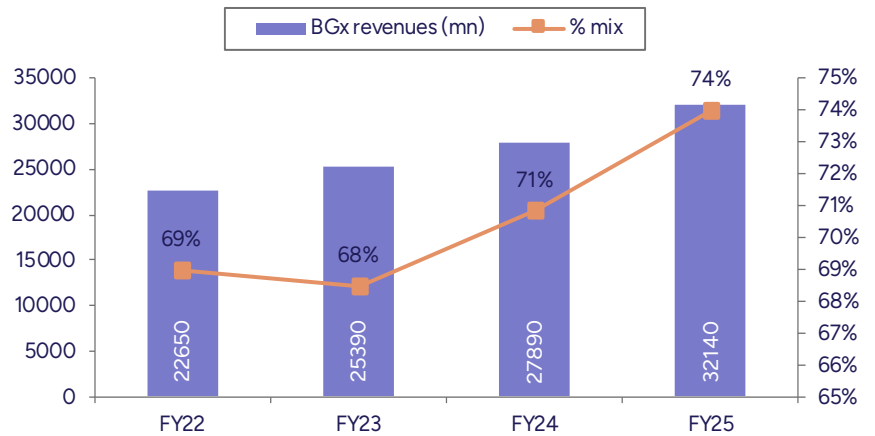
New therapies scaling up well: During FY25, the company entered nephrology and gynecology segments in the domestic pharma market. IPM size for these 2 segments stands at Rs160bn. AJP also added 200+ MRs and launched 12 products in these segments. AJP offers a wide range of innovative products in its nephrology portfolio that support patients through all stages. Overall, it has a strong product pipeline across its key segments, which are expected to contribute to growth, followed by newer therapies.

Exhibit 1: Branded generics MR base increased by 1,600+ from FY22-25



Source: Company, PL

Exhibit 2: Branded generics contribution at ~74% of sales in FY25



Source: Company, PL

Financials

Income Statement (Rs m)

Y/e Mar	FY25	FY26E	FY27E	FY28E
Net Revenues	46,481	52,905	59,975	69,657
YoY gr. (%)	10.4	13.8	13.4	16.1
Cost of Goods Sold	24,071	27,121	30,653	35,663
Gross Profit	22,410	25,783	29,323	33,993
Margin (%)	48.2	48.7	48.9	48.8
Employee Cost	-	-	-	-
Other Expenses	9,815	11,237	12,256	13,727
EBITDA	12,595	14,546	17,066	20,266
YoY gr. (%)	7.5	15.5	17.3	18.8
Margin (%)	27.1	27.5	28.5	29.1
Depreciation and Amortization	1,441	1,706	1,872	2,047
EBIT	11,154	12,840	15,194	18,220
Margin (%)	24.0	24.3	25.3	26.2
Net Interest	207	140	150	150
Other Income	945	406	766	909
Profit Before Tax	11,892	13,106	15,810	18,979
Margin (%)	25.6	24.8	26.4	27.2
Total Tax	2,688	3,014	3,763	4,707
Effective tax rate (%)	22.6	23.0	23.8	24.8
Profit after tax	9,204	10,092	12,047	14,272
Minority interest	-	-	-	-
Share Profit from Associate	-	-	-	-
Adjusted PAT	9,204	10,092	12,047	14,272
YoY gr. (%)	11.9	9.6	19.4	18.5
Margin (%)	19.8	19.1	20.1	20.5
Extra Ord. Income / (Exp)	-	-	-	-
Reported PAT	9,204	10,092	12,047	14,272
YoY gr. (%)	11.9	9.6	19.4	18.5
Margin (%)	19.8	19.1	20.1	20.5
Other Comprehensive Income	-	-	-	-
Total Comprehensive Income	9,204	10,092	12,047	14,272
Equity Shares O/s (m)	125	125	125	125
EPS (Rs)	73.4	80.5	96.1	113.9

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	13,554	15,426	17,473
Tangibles	11,848	13,554	15,426	17,473
Intangibles	-	-	-	-
Net fixed assets	16,714	18,036	19,244	20,430
Tangibles	16,714	18,036	19,244	20,430
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	10,170	11,535	13,418
Trade receivables	11,827	14,529	15,326	17,827
Cash & Bank Balance	1,762	365	2,021	3,267
Other Current Assets	3,248	3,572	3,930	4,323
Total Assets	50,150	54,244	59,640	66,864
Equity				
Equity Share Capital	251	251	251	251
Other Equity	37,652	40,505	44,589	50,175
Total Network	37,903	40,756	44,840	50,425
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	5,230	5,933	6,901
Other current liabilities	6,574	7,127	7,736	8,406
Total Equity & Liabilities	50,150	54,244	59,640	66,864

Source: Company Data, PL Research



Cash Flow (Rs m)

Y/e Mar	FY25	FY26E	FY27E	FY28E
PBT	11,892	13,106	15,810	18,979
Add. Depreciation	1,441	1,706	1,872	2,047
Add. Interest	207	140	150	150
Less Financial Other Income	945	406	766	909
Add. Other	(157)	(681)	(897)	(1,253)
Op. profit before WC changes	13,383	14,271	16,935	19,923
Net Changes-WC	1,419	(2,928)	(1,221)	(3,153)
Direct tax	(3,230)	(3,014)	(3,763)	(4,707)
Net cash from Op. activities	11,572	8,329	11,952	12,063
Capital expenditures	(3,179)	(3,028)	(3,080)	(3,233)
Interest / Dividend Income	-	-	-	-
Others	-	-	-	-
Net Cash from Invst. 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	436	616	759
Others	(1,668)	105	131	344
Net cash from Fin. activities	(7,938)	(6,698)	(7,216)	(7,583)
Net change in cash	455	(1,398)	1,656	1,246
Free Cash Flow	8,393	5,301	8,872	8,830

Source: Company Data, PL Research

Key Financial Metrics

Y/e Mar	FY25	FY26E	FY27E	FY28E
Per Share(Rs)				
EPS	73.4	80.5	96.1	113.9
CEPS	84.9	94.1	111.0	130.2
BVPS	302.4	325.1	357.7	402.3
FCF	67.0	42.3	70.8	70.4
DPS	55.0	50.0	55.0	60.0
Return Ratio(%)				
RoCE	30.3	32.6	35.5	38.2
ROIC	23.1	23.8	26.4	28.6
RoE	25.0	25.7	28.1	30.0
Balance Sheet				
Net Debt : Equity (x)	0.0	0.0	0.0	(0.1)
Net Working Capital (Days)	128	134	127	128
Valuation(x)				
PER	36.4	33.2	27.8	23.5
P/B	8.8	8.2	7.5	6.6
P/CEPS	31.4	28.4	24.0	20.5
EV/EBITDA	26.4	23.0	19.5	16.4
EV/Sales	7.2	6.3	5.5	4.8
Dividend Yield (%)	2.1	1.9	2.1	2.2

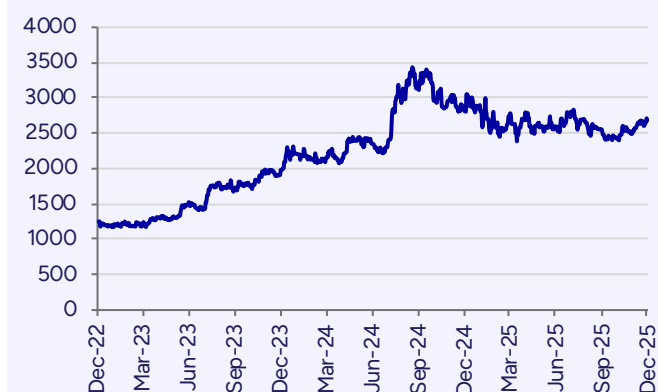
Source: Company Data, PL Research

Quarterly Financials (Rs m)

Y/e Mar	Q3FY25	Q4FY25	Q1FY26	Q2FY26
Net Revenue	11,461	11,704	13,027	13,537
YoY gr. (%)	11.5	5.9	23.6	18.2
Raw Material Expenses	2,578	2,834	2,759	3,168
Gross Profit	8,883	8,870	10,268	10,369
Margin (%)	77.5	75.8	78.8	76.6
EBITDA	3,208	2,972	3,774	3,688
YoY gr. (%)	10.5	(5.4)	35.6	11.6
Margin (%)	28.0	25.4	29.0	27.2
Depreciation / Depletion	360	398	413	430
EBIT	2,849	2,574	3,361	3,259
Margin (%)	24.9	22.0	25.8	24.1
Net Interest	79	61	53	34
Other Income	304	181	263	593
Profit before Tax	3,074	2,694	3,571	3,818
Margin (%)	26.8	23.0	27.4	28.2
Total Tax	745	442	758	806
Effective tax rate (%)	24.2	16.4	21.2	21.1
Profit after Tax	2,329	2,253	2,813	3,012
Minority interest	33	85	71	143
Share Profit from Associates	-	-	-	-
Adjusted PAT	2,296	2,168	2,742	2,869
YoY gr. (%)	17.1	2.6	41.4	19.8
Margin (%)	20.0	18.5	21.1	21.2
Extra Ord. Income / (Exp)	-	-	-	-
Reported PAT	2,296	2,168	2,742	2,869
YoY gr. (%)	17.1	2.6	41.4	19.8
Margin (%)	20.0	18.5	21.1	21.2
Other Comprehensive Income	-	-	-	-
Total Comprehensive Income	2,296	2,168	2,742	2,869
Avg. Shares O/s (m)	-	-	-	-
EPS (Rs)	18.4	17.8	20.3	20.6

Source: Company Data, PL Research

Price Chart



Recommendation History

No.	Date	Rating	TP (Rs.)	Share Price (Rs.)
1	03-Nov-25	BUY	3,200	2,539
2	08-Oct-25	BUY	3,200	2,455
3	19-Sep-25	BUY	3,200	2,550

Analyst Coverage Universe

Sr. No.	CompanyName	Rating	TP (Rs)	Share Price (Rs)
1	Ajanta Pharma	BUY	3,200	2,539
2	Apollo Hospitals Enterprise	BUY	8,600	7,022
3	Aster DM Healthcare	BUY	775	598
4	Aurobindo Pharma	BUY	1,300	1,141
5	Cipla	Accumulate	1,675	1,541
6	Divi's Laboratories	Accumulate	7,050	6,657
7	Dr. Reddy's Laboratories	Reduce	1,270	1,284
8	Eris Lifesciences	BUY	1,900	1,575
9	Fortis Healthcare	BUY	1,120	891
10	Global Health	BUY	1,375	1,170
11	HealthCare Global Enterprises	BUY	850	707
12	Indoco Remedies	Hold	325	290
13	Ipca Laboratories	BUY	1,600	1,302
14	J.B. Chemicals & Pharmaceuticals	BUY	2,100	1,820
15	Jupiter Life Line Hospitals	BUY	1,750	1,401
16	Krishna Institute of Medical Sciences	BUY	810	638
17	Lupin	BUY	2,400	1,972
18	Max Healthcare Institute	BUY	1,350	1,076
19	Narayana Hrudayalaya	BUY	2,100	1,920
20	Rainbow Children's Medicare	BUY	1,600	1,321
21	Sun Pharmaceutical Industries	BUY	1,875	1,703
22	Suntech Realty	BUY	600	432
23	Torrent Pharmaceuticals	Accumulate	4,200	3,580
24	Zydus Lifesciences	Accumulate	1,020	937

PL's Recommendation Nomenclature (Absolute Performance)

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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