

HOLD

TP: Rs 2,750 | ▲ 8%

AJANTA PHARMA

Pharmaceuticals

03 November 2025

US generic sales growth weighs on margins

- Sales/EBITDA/PAT were 1%/-8%/7% above our estimates. EBITDA margin reported 230 bps below estimates at 24.2%, Adj forex at 27%
- Branded Generics contribution lowered to 72% while US segment contribution increased to 26% in 2QFY26 and Africa inst. at 2%
- Expect slower increase in EBITDA margin due to growth in US generic sales. Maintain HOLD; ascribe 30x PE on Sep'27 roll forward

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Mix earnings – Sales grew 14% YoY to Rs 13.5bn, driven by 48% YoY growth in the US region, 12% YoY growth in the domestic region, 5% YoY growth in the Asia region, which was marginally offset by 1.2% decline in the Africa region. Strong growth in the US generics business and higher SG&A cost led to a 135 bps contraction in gross margin to 76.6% and a 201 bps decline in EBITDA margin to 24.2%, which was 230 bps below our estimates. Other income grew by 204% YoY, largely due to Rs 400 mn gain in forex resulting in 20% YoY growth in PAT.

US growth driven by new product launches - US reported growth 19% above our estimates to Rs 3.4bn. The growth was supported by the full-year contribution from five launches in H2FY25, market share gains in existing products, and three new launches during H1FY26. This has resulted in the US contribution inching to 26% in 2QFY26 from 20% in 2QFY25.

Domestic region continues to grow above IPM - Domestic region reported 1% growth above our estimates. The growth was driven by 2x volume growth than the IPM, 10 new product launches and 14% YoY sales growth (Rs 530 mn) from trade generics. Therapeutically, Cardio grew by 6% vs IPM growth of 12% (Anomaly in the IPM data), Opthal grew by 11% vs IPM growth of 8%, Derma grew by 13% vs IPM growth of 7% and Pain grew by 8% vs IPM growth of 7%. The company expects newly ventured Gynecology and Nephrology therapies to contribute post 1.5-2 years at an EBITDA level.

Branded generic contribution declining on US sales – During the quarter, share from branded generics declined to 72% vs 76% in 2QFY25 and 73% in 1QFY26. The contribution declined due to a pickup in US sales contribution, which increased to 26% in 2QFY26 vs 20% in 2QFY25 and 24% in 1QFY26.

Maintain HOLD - At CMP, the stock is trading at a PE of 27x on Sep'27. Given the sustenance of double-digit growth in the branded generics segment, we ascribe PE of 30x in line with a 5Y average PE of 31x to arrive at TP of Rs 2,750 (earlier TP Rs 2,783).

Key changes

Target	Rating
▼	◀ ▶

Ticker/Price	AJP IN/Rs 2,539
Market cap	US\$ 3.6bn
Free float	31%
3M ADV	US\$ 2.9mn
52wk high/low	Rs 3,147/Rs 2,327
Promoter/FPI/DII	66%/10%/15%

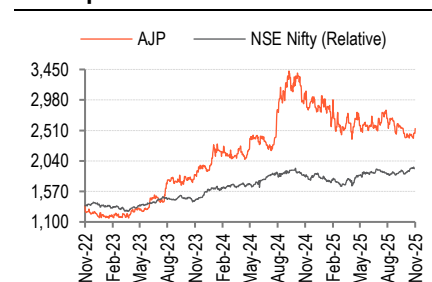
Source: NSE | Price as of 3 Nov 2025

Key financials

Y/E 31 Mar	FY25A	FY26E	FY27E
Total revenue (Rs mn)	46,481	52,149	57,508
EBITDA (Rs mn)	12,595	13,668	15,332
Adj. net profit (Rs mn)	9,204	10,061	11,118
Adj. EPS (Rs)	72.8	79.6	88.0
Consensus EPS (Rs)	74.7	83.0	97.0
Adj. ROAE (%)	25.4	24.4	22.4
Adj. P/E (x)	34.9	31.9	28.9
EV/EBITDA (x)	25.6	23.6	21.1
Adj. EPS growth (%)	12.8	9.3	10.5

Source: Company, Bloomberg, BOBCAPS Research

Stock performance



Source: NSE



Asia + Africa branded sales contributed 40% during the quarter – Asia sales contributed 23% of sales, while Africa branded contributed 19% of the total sales. The growth was driven by 2080 MRs in both Asia and Africa regions and 19 new product launches in H1FY26 in major therapeutic areas like Cardiac, Diabetes, Ophthal, CNS, Derma, Gynaecology, Pain and Antibiotics.

Asia region growth normalised – During the quarter, the Asia region grew 5% YoY, with revenue at Rs 3.1bn — 6% below our estimates. Sales was lower than our estimates as few of the orders got pushed to H2FY26. The growth was driven by sales in focus regions of Middle East, Southeast Asia and Central Asia and 3 new launches in the quarter, totaling to 13 new launches in H1FY26 in Chronic therapies.

Africa Branded region grew lower on a high base – During the quarter, Africa branded sales grew 4% YoY driven by sales in both East and West Africa.

EBITDA margin guided for 27%+/-1% - During the quarter, the company maintained its EBITDA Margin guidance of 27%+/-1% amidst expecting double digit growth in branded generics and US generics largely due to anticipation of higher spend on MRs and SG&A expense towards newer therapies.

Financial Highlights

Fig 1 – Quarterly Snapshot

(Rs mn)	Q2FY26	Q2FY25	YoY (%)	Q1FY26	QoQ (%)	H1FY25	H1FY26	YoY (%)	FY25	FY26E	FY27E	FY28E
Net Sales	13,537	11,866	14.1	13,027	3.9	23,316	26,564	13.9	46,481	52,149	57,508	62,745
Total Expenses	10,259	8,755	17.2	9,513	7.8	16,900	19,772	17.0	33,886	38,481	42,175	45,599
(%) of net sales	75.8	73.8		73.0		72.5	74.4		72.9	73.8	73.3	72.7
Raw material consumed	3,168	2,617	21.1	2,759	14.8	5,295	5,927	11.9	10,708	11,994	13,514	14,431
(%) of net sales	23.4	22.1		21.2		22.7	22.3		23.0	23.0	23.5	23.0
Staff cost	3,170	2,610	21.5	3,029	4.7	5,447	6,199	13.8	10,897	11,994	13,227	13,804
(%) of net sales	23.4	22.0		23.3		23.4	23.3		23.4	23.0	23.0	22.0
R&D cost	630	570	10.5	560	12.5	1,080	1,190	10.2	2,240	2,607	2,875	3,137
(%) of net sales	4.7	4.8		4.3		4.6	4.5		4.8	5.0	5.0	5.0
SG&A	3,291	2,958	11.2	3,165	4.0	5,078	6,456	27.1	10,042	11,885	12,559	14,226
(%) of net sales	24.3	24.9		24.3		21.8	24.3		21.6	22.8	21.8	22.7
EBITDA	3,278	3,112	5.4	3,514	(6.7)	6,415	6,792	5.9	12,595	13,668	15,332	17,146
Depreciation	430	344	24.9	413	4.1	684	843	23.3	1,441	1,604	1,639	1,859
EBIT	2,849	2,768	2.9	3,101	(8.1)	5,732	5,949	3.8	11,154	12,064	13,694	15,288
Interest	34	60	(43.7)	53	(35.6)	68	87	28.1	207	150	120	100
Other Income	593	195	204.6	263	125.4	460	857	86.4	945	1,500	1,250	1,400
PBT	3,408	2,902	17.4	3,311	2.9	6,124	6,719	9.7	11,892	13,414	14,824	16,588
Less: Taxation	806	738	9.3	758	6.4	1,501	1,564	4.2	2,688	3,354	3,706	4,147
Less: Minority Interest									-	-	-	-
Recurring PAT	2,602	2,165	20.2	2,553	1.9	4,622	5,155	11.5	9,204	10,061	11,118	12,441
Exceptional items	-	-		-					-	-	-	-
Reported PAT	2,602	2,165	20.2	2,553	1.9	4,622	5,155	11.5	9,204	10,061	11,118	12,441
Key Ratios (%)												
Gross Margin	76.6	77.9	(135bps)	78.8	(222bps)	77.3	77.7	40bps	77.0	77.0	76.5	77.0
EBITDA Margin	24.2	26.2	(201bps)	27.0	(276bps)	27.5	25.6	(195bps)	27.1	26.2	26.7	27.3
Tax / PBT	23.7	25.4	(176bps)	22.9	77bps	24.5	23.3	(124bps)	22.6	25.0	25.0	25.0
NPM	19.2	18.2	98bps	19.6	(38bps)	19.8	19.4	(42bps)	19.8	19.3	19.3	19.8
EPS (Rs)	20.8	17.1	21.2	20.2	2.7	36.6	41.0	12.0	72.8	79.6	88.0	98.5

Source: Company, BOBCAPS Research

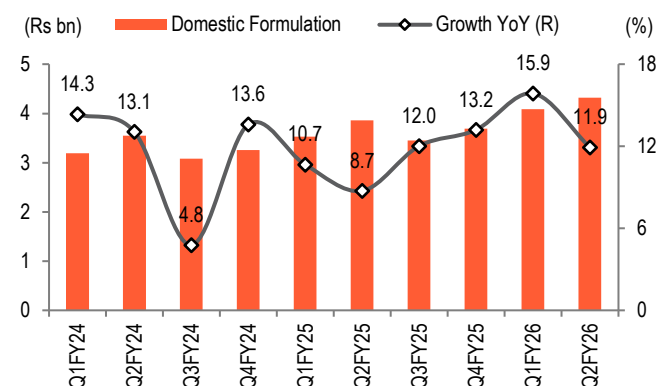
Fig 2 – Segmental revenue

(Rs mn)	Q2FY26	Q2FY25	YoY (%)	Q1FY26	QoQ (%)	H1FY25	H1FY26	YoY (%)	FY25	FY26 E	FY27E	FY28E
Domestic Formulation	4,320	3,860	11.9	4,090	5.6	7,390	8,410	13.8	14,520	16,090	17,815	19,568
Exports Formulation	9,070	7,840	15.7	8,800	3.1	15,610	17,870	14.5	31,350	35,448	39,082	42,566
Africa	2,530	2,560	(1.2)	2,660	(4.9)	5,280	5,190	(1.7)	8,970	10,022	10,987	12,080
Asia	3,100	2,960	4.7	3,040	2.0	5,730	6,140	7.2	11,910	12,863	14,149	15,564
US	3,440	2,320	48.3	3,100	11.0	4,600	6,540	42.2	10,470	12,564	13,946	14,922
Other op Income	147	160	(7.9)	137	7.9	309	284	(8.2)	611	611	611	611
Revenues	13,537	11,860	14.1	13,027	3.9	23,309	26,564	14.0	46,481	52,149	57,508	62,745

Source: Company, BOBCAPS Research

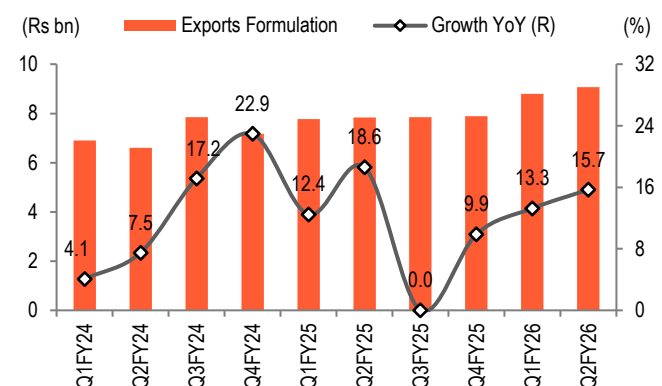
Financials in Charts

Fig 3 – Domestic sales growth lowered due to below IPM performance in Cardio therapy



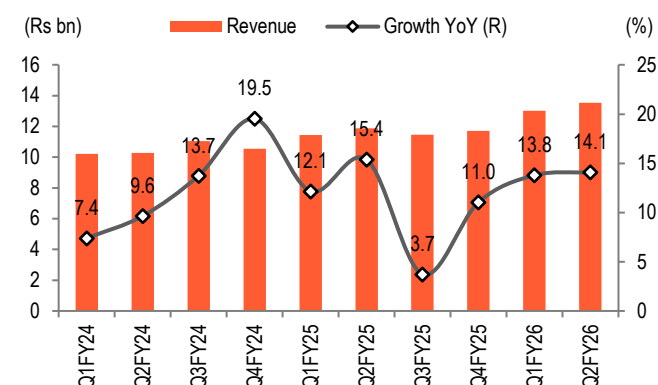
Source: Company, BOBCAPS Research

Fig 4 – Export sales trend



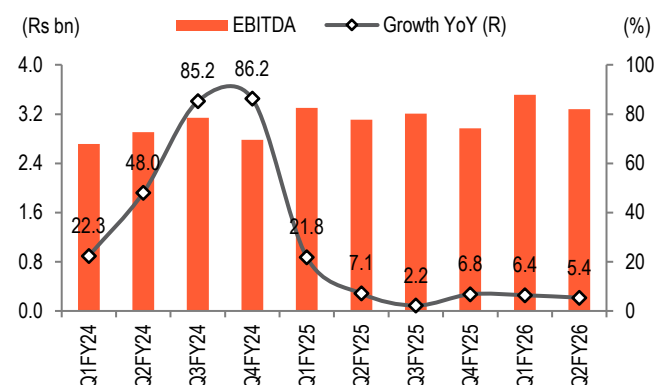
Source: Company, BOBCAPS Research

Fig 5 – Sales growth driven by better traction in branded generics and US generics



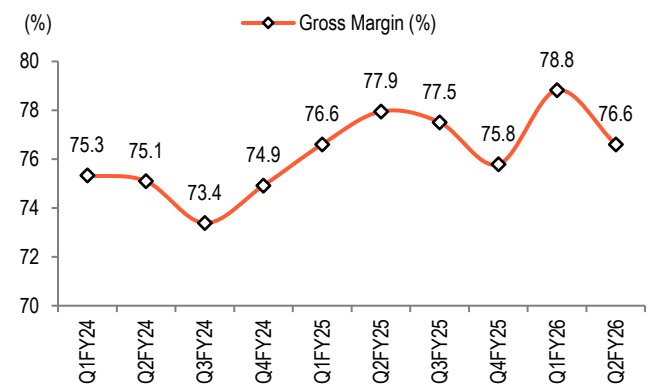
Source: Company, BOBCAPS Research

Fig 6 – EBITDA growth moderated, due higher SG&A expense and MR expense



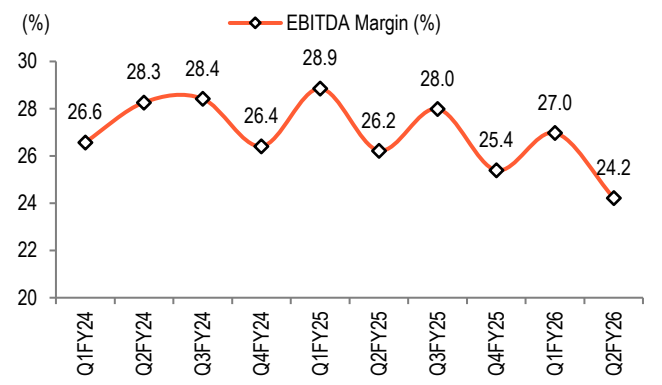
Source: Company, BOBCAPS Research

Fig 7 – Gross margins declined due to higher traction in US generics segment

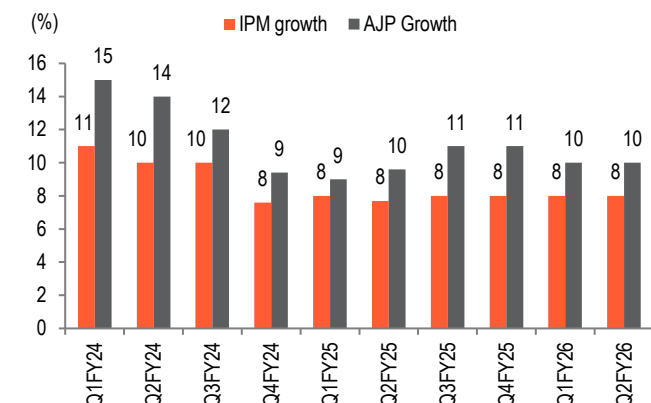


Source: Company, BOBCAPS Research

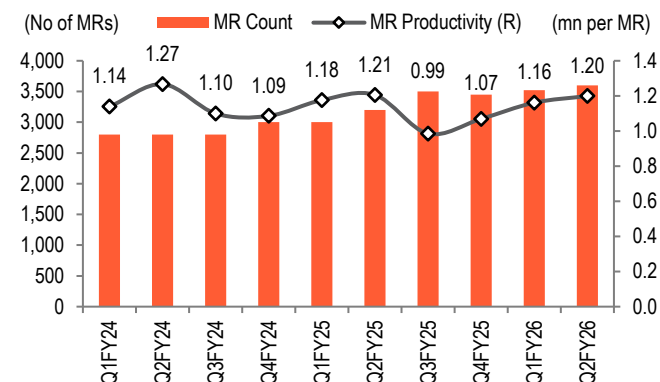
Fig 8 – EBITDA margins impacted by MTM forex loss



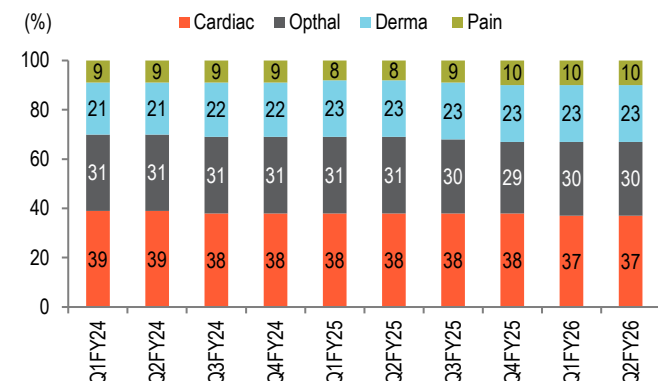
Source: Company, BOBCAPS Research

Fig 9 – AJP continues to outperform the IPM

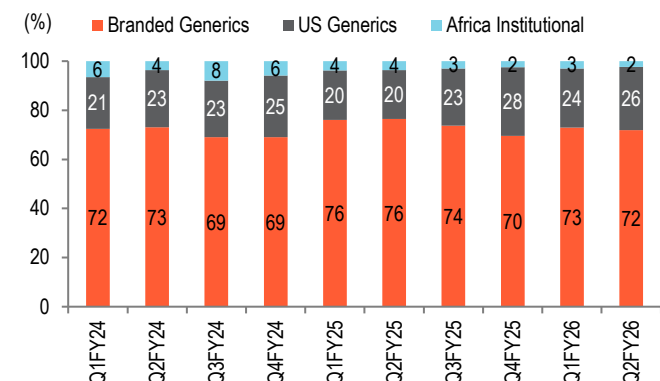
Source: Company, BOBCAPS Research

Fig 10 – MR productivity increasing with stabilized hiring in MRs

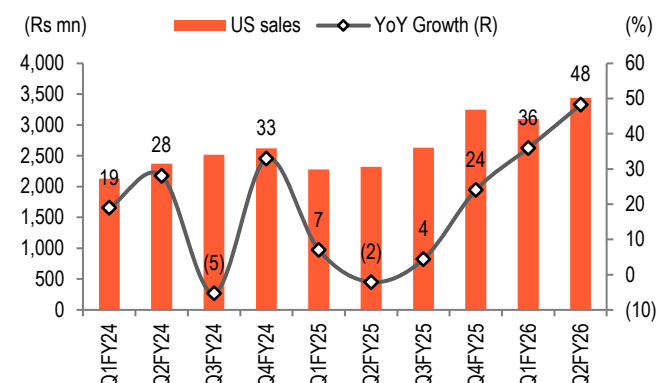
Source: Company, BOBCAPS Research

Fig 11 – Cardiac continues to be the highest contributing therapy

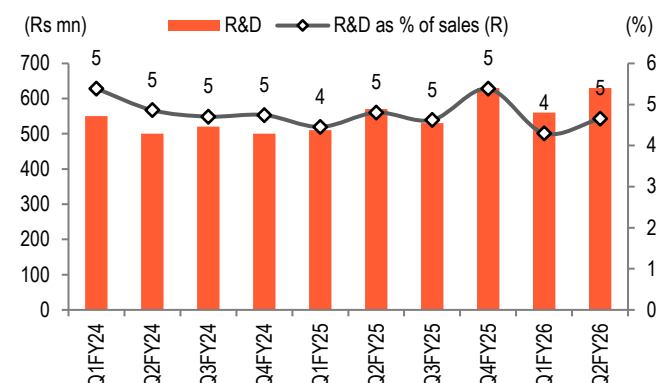
Source: Company, BOBCAPS Research

Fig 12 – Branded generics segment continues to slow due to higher traction in US generics

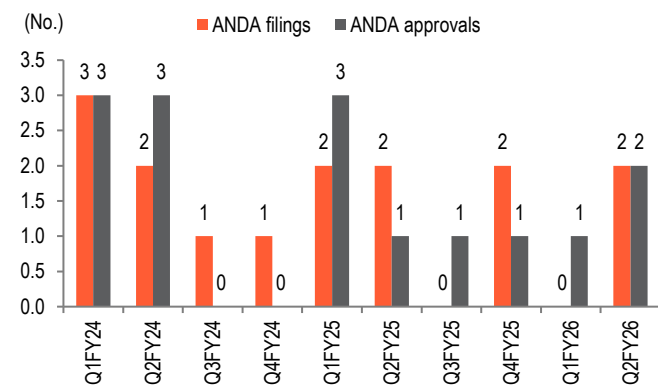
Source: Company, BOBCAPS Research

Fig 13 – US sales growth driven by new product launches

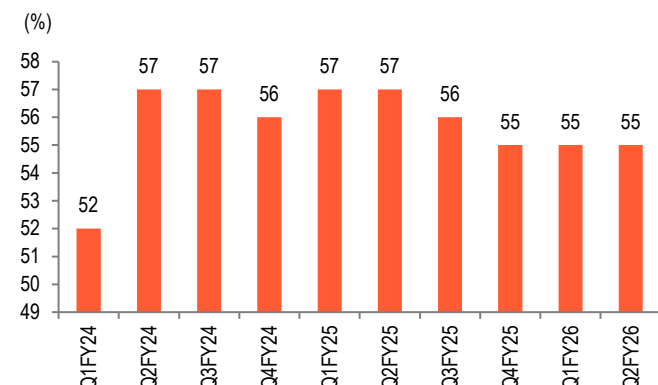
Source: Company, BOBCAPS Research

Fig 14 – R&D contribution continues to be stable

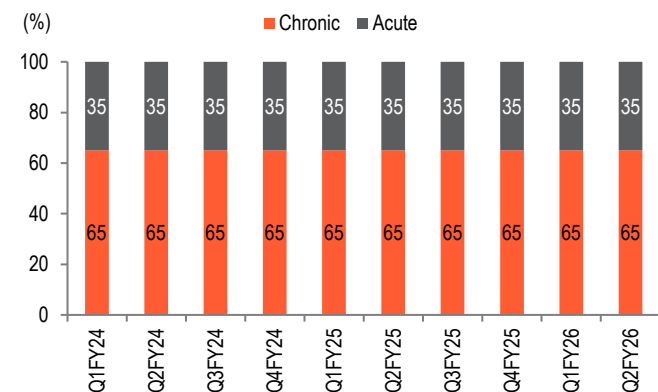
Source: Company, BOBCAPS Research

Fig 15 – Consistent trend of ANDA filings

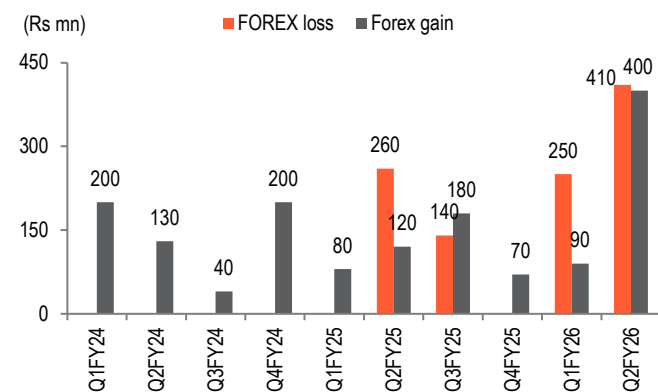
Source: Company, BOBCAPS Research

Fig 16 – Contribution from top 10 brands in the domestic business remains stable

Source: Company, BOBCAPS Research

Fig 17 – Chronic segment continues to drive IPM growth

Source: Company, BOBCAPS Research

Fig 18 – Forex loss Vs Forex gain quarterly trend

Earnings Call Highlights

Management Guidance:

- **FY26 gross margin** is expected to be around 78% +/- 100bps.
- **FY26 EBITDA margin guidance** at 27% +/-100bps% (excluding forex gain/loss)
- **FY26 capex guidance:** Rs 3,000 mn (H1 capex stood at Rs 1,450 mn)
- **India MR additions** ~200 over the next 1.5-2 years expected.
- **Export field force expansion:** 10% growth expected in FY26 and 7-8% in FY27.
- **Africa business** expected to deliver double-digit growth in FY26.
- **US growth** expected to remain strong with FY27 in the high-teens.
- **New products:** Management launched one "first-in-country" product in the India business in 1H and expects similar momentum to continue in 2H.

Asia Branded Generics (Middle East, Southeast Asia, and Central Asia)

- **Revenue:** Asia delivered Rs 3,100 mn in Q2 (growth +5% YoY) and Rs 6,140 mn in H1 (+7% YoY).
- **Order shift:** A few orders were shifted into 2H, which impacted 1H growth, but management remains confident of achieving low-teens growth for FY26.
- **New Launches:** AJP launched three new products in the quarter, taking the first half total to 13- mostly in chronic therapies.

Africa branded generics (West & East Africa)

- **Revenue:** Africa reported Rs 2,210 mn in Q2 (+4% YoY) and Rs 4,490 mn in H1 (+1% YoY).
- **Growth:** Africa market is showing moderate near-term growth (partly due to previous year base)
- **Outlook:** Management expects Africa market to deliver double-digit growth for FY26 versus earlier mid-single-digit guidance.
- **New Launches:** Four new products were launched in Q2 (six in H1).

US generics

- **Revenue:** US generics reported Rs 3,430 mn in Q2, up 48% YoY, and Rs 6,530 mn in H1, up 42% YoY. US generics business accounted for 26% to the total revenue during the quarter.
- **Growth driver:** Growth was attributable to the full benefit of five launches made in H2FY25 and market-share gains in existing products.

Africa institutional (antimalarial)

- **Revenue:** The antimalarial/institutional business was Rs 320 mn in Q2 and RS 710 mn in H1, recording a 17% decline for H1.
- **Contribution:** The contribution from anti-malarial business went down from 3% to 2% YoY.
- **Outlook:** This business remains unpredictable as it depends on the procurement by agencies.

India business

- **Revenue:** India sales were Rs 4,320 mn in Q2 (up 12% YoY) and Rs 8,410 mn in H1 (up 14% YoY).
- **Contribution:** India contributed 32% to the consolidated revenues in the quarter.
- **Trade generics** contributed Rs 530 mn in Q2 (up 14% YoY) and Rs 920 mn in H1 (up 5% YoY).
- **Growth Vs IPM:** Outpaced IPM - IPM growth 8% Vs Ajanta growth 10%
- **New Launches:** AJP launched 10 products during the quarter including one first to market.
- **Therapy mix:** Therapy wise contribution - Cardiology 37, ophthalmology 30%, dermatology 23% and Pain- 10%.
- **New therapies:** gynaecology and nephrology gaining traction.

MR count:

- The company's total MR strength stands at 5,680, including 3,600 MRs in India and the remainder across Asia and Africa markets.

Other Highlights:

- **Forex volatility:** MTM losses of Rs 410 mn in Q2 and Rs 660 crore in H1 were booked in other expenses, impacting EBITDA margins.
- **Other headwinds:** Africa institutional business remains unpredictable due to dependence on procurement of drugs via agencies.

Valuation Methodology

AJP reported mix set of earnings, where margins reported lower than our estimates of 26.5% vs 24.2% in 2QFY26. The drop in the margin was due to reduction in branded generics contribution to 72% and increase in US generic contribution to an all-time high of 26%. Growth in the US was driven by a low base and full year impact of 5 new launches in H2FY25.

Current growth momentum in the US is expected to sustain due to 3 new launches in H1FY26 and 8-12 ANDA filings expected in FY26, indicating incremental new launches from approvals whose full year impact would be visible in FY27e and beyond. Thus, we expect US generic contribution to increase to 24% in FY26 from 23% in FY25 and branded generics contribution to decline to 75% in FY26 from 76% in FY25 and hover around same range until FY28E.

Mirroring the same margin analogy from 2QFY26 result and increase in SG&A cost into newer therapies, we have lowered our EBITDA margin by 187 bps in FY27E to 26.7% and 227 bps to 27.3% in FY28E. Subsequently, we lower our EPS estimates by 5% and 7% in FY27E and FY28E to Rs 88 and 98 per share respectively. Thus, we maintain HOLD on the stock. At CMP, the stock is trading at a PE of 27x on Sep'27 and due to sustenance of double-digit growth in the branded generics segment, we ascribe a PE of 30x in line with 5Y average PE of 31x to arrive at TP of Rs 2,750 (earlier PT Rs 2,783).

Fig 19 – Actual Vs Estimates

(Rs mn)	Q2FY26A	Q2FY26E	Var (%)	Cons. Est	Var. (%)
Revenue	13,537	13,398	1.0	13,200	2.6
EBITDA	3,278	3,551	(7.7)	3,553	(7.7)
EBITDA Margin (%)	24.2	26.5	(228bps)	26.9	(270bps)
PAT	2,602	2,436	7.6	2,486	3.8
EPS	20.8	19.3	7.6	20.0	3.8

Source: Company, BOBCAPS Research

Fig 20 – Revised estimates

(Rs mn)	New			Old			Change (%)		
	FY26E	FY27E	FY28E	FY26E	FY27E	FY28E	FY26E	FY27E	FY28E
Sales	52,149	57,508	62,745	51,892	57,744	64,321	0.5	(0.4)	(2.4)
EBITDA	13,668	15,332	17,146	14,267	16,477	19,034	(4.2)	(6.9)	(9.9)
EBITDA margin (%)	26.2	26.7	27.3	27.5	28.5	29.6	(128) bps	(187) bps	(227) bps
PAT	10,061	11,118	12,441	10,135.0	11,707	13,461	(0.7)	(5.0)	(7.6)
EPS (Rs)	79.6	88.0	98.5	80.2	92.7	106.5	(0.7)	(5.1)	(7.5)

Source: Company, BOBCAPS Research

Key risks

Key upside risks to our estimates:

- Lower raw material and freight costs
- Stable or lower price erosion in the US business
- Rupee depreciation
- No supply chain constraints in Africa

Key downside risks to our estimates:

- Higher raw material and freight costs
- Higher price erosion in the US business
- Rupee appreciation
- Supply chain constraints in Africa

Peer Comparison

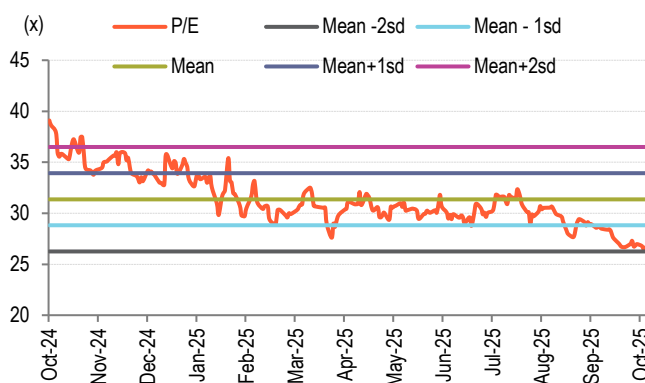
Fig 21 – Peer analysis of domestic segment

Companies	CMP (Rs)	Market cap (Rs mn)	Domestic FY25 Sales (Rs mn)	Domestic sales as of total sales (%)	MR Strength	Productivity per MR (Rs mn)	Chronic (%)	EPS			PE			FY28		
								FY26E	FY27E	FY28E	FY26E	FY27E	FY28E	ROCE	EV/ EBITDA	PEG
Abbott	29,035	6,15,542	64,092	98	3,659	17.1	75	721.7	835.7	941.9	40.2	34.7	30.8	45.1	28.6	3.6
Ajanta Pharma	2,539	3,17,425	46,481	31	3,600	4.0	65	79.6	88.0	98.5	31.9	28.9	25.8	28.2	19.0	2.8
Alembic	924	1,82,067	66,720	35	5,500	4.3	54	37.6	45.7	54.6	24.6	20.2	16.9	18.7	11.4	1.7
Alkem	5,629	6,75,420	1,29,645	69	12,500	7.2	15	198.0	168.8	194.4	28.4	33.3	29.0	22.9	16.7	3.0
Cipla	1,512	12,21,292	2,75,476	42	11,512	10.1	62	62.1	63.9	70.3	24.3	23.7	21.5	17.7	17.3	2.8
Dr.Reddy's	1,196	9,98,660	3,26,439	16	7,400	7.3	66	60.8	60.4	71.1	19.7	19.8	16.8	16.9	11.9	2.2
Emcure Pharma	1,326	2,51,940	78,960	46	4,100	8.9	65	46.8	58.6	69.8	28.3	22.6	19.0	29.9	10.8	1.7
Eris	1,597	5,04,747	28,936	87	3,469	7.2	82	40.9	53.8	66.8	39.1	29.7	23.9	24.2	14.0	1.6
GSK	2,683	4,53,393	37,492	99	3,100	11.9	40	60.4	68.5	73.7	44.4	39.2	36.4	44.6	27.1	6.4
Lupin	1,984	9,06,597	2,27,079	33	10,000	7.6	70	83.5	97.3	107.4	23.8	20.4	18.5	18.6	10.8	2.0
Mankind	2,400	9,90,994	1,22,074	87	17,700	6.0	63	50.8	65.5	80.7	47.2	36.6	29.7	18.6	18.2	3.2
Sun pharma	1,706	40,95,360	5,25,784	32	15,000	11.3	78	49.1	56.7	61.5	34.8	30.1	27.7	15.4	18.6	3.6
Torrent Pharma	3,628	12,26,365	1,15,161	56	6,400	10.0	76	72.7	86.5	101.1	49.9	42.0	35.9	30.8	21.1	2.6

Source: Company, BOBCAPS Research, Bloomberg

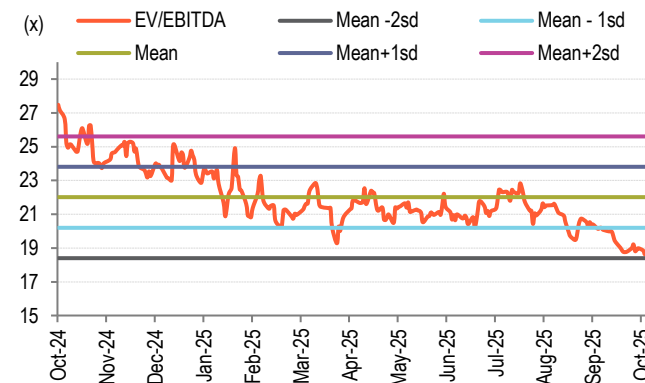
Valuation Bands

Fig 22 – 1 YF P/E band



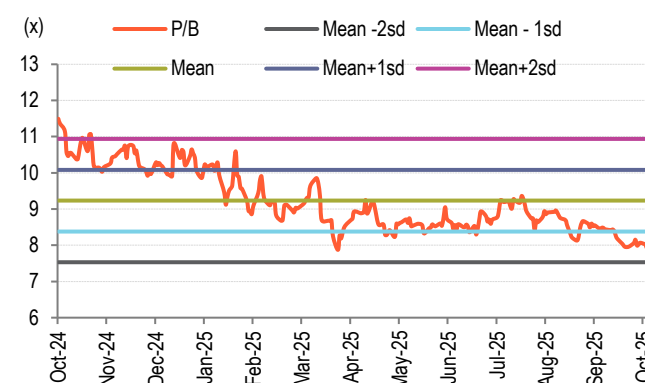
Source: Company, BOBCAPS Research

Fig 23 – 1 YF EV/EBITDA band



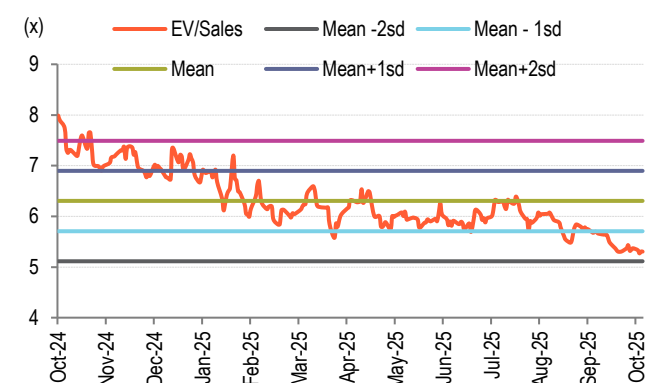
Source: Company, BOBCAPS Research

Fig 24 – 1 YF P/B band



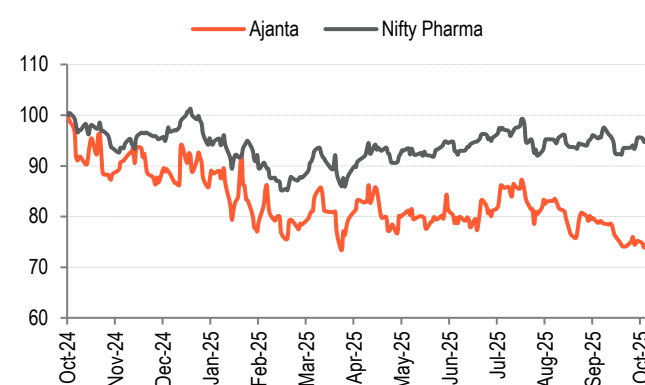
Source: Company, BOBCAPS Research

Fig 25 – 1 YF EV/Sales



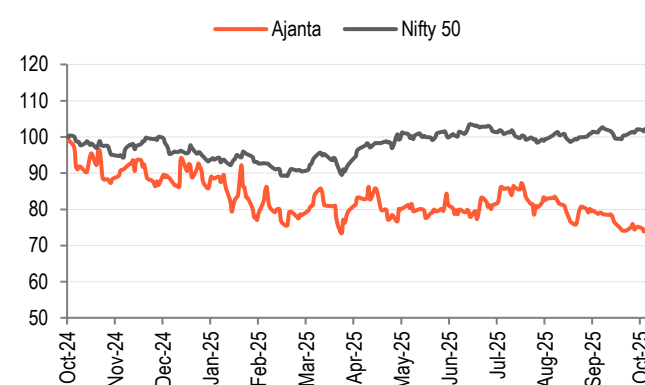
Source: Company, BOBCAPS Research

Fig 26 – Ajanta Vs Nifty pharma



Source: Company, BOBCAPS Research

Fig 27 – Ajanta Vs Nifty 50



Source: Company, BOBCAPS Research

Financials

Income Statement

Y/E 31 Mar (Rs mn)	FY24A	FY25A	FY26E	FY27E	FY28E
Total revenue	42,087	46,481	52,149	57,508	62,745
EBITDA	11,719	12,595	13,668	15,332	17,146
Depreciation	1,354	1,441	1,604	1,639	1,859
EBIT	10,365	11,154	12,064	13,694	15,288
Net interest inc./(exp.)	(72)	(207)	(150)	(120)	(100)
Other inc./(exp.)	846	945	1,500	1,250	1,400
Exceptional items	0	0	0	0	0
EBT	11,139	11,892	13,414	14,824	16,588
Income taxes	2,978	2,688	3,354	3,706	4,147
Extraordinary items	0	0	0	0	0
Min. int./Inc. from assoc.	0	0	0	0	0
Reported net profit	8,161	9,204	10,061	11,118	12,441
Adjustments	0	0	0	0	0
Adjusted net profit	8,161	9,204	10,061	11,118	12,441

Balance Sheet

Y/E 31 Mar (Rs mn)	FY24A	FY25A	FY26E	FY27E	FY28E
Accounts payables	4,632	4,542	4,286	3,151	3,438
Other current liabilities	4,068	5,089	3,650	4,026	4,392
Provisions	573	1,036	1,163	1,282	1,399
Debt funds	353	147	147	147	147
Other liabilities	0	0	0	0	0
Equity capital	253	253	253	253	253
Reserves & surplus	35,161	36,893	44,942	53,836	63,789
Shareholders' fund	35,414	37,146	45,194	54,089	64,041
Total liab. and equities	45,039	47,960	54,441	62,694	73,417
Cash and cash eq.	1,360	1,902	1,585	2,842	6,399
Accounts receivables	12,468	11,827	12,859	13,865	15,128
Inventories	8,284	9,039	10,001	10,871	11,861
Other current assets	2,231	1,635	3,650	4,601	5,020
Investments	3,486	4,640	6,031	7,841	10,193
Net fixed assets	14,645	17,155	18,551	20,913	23,054
CWIP	2,565	1,763	1,763	1,763	1,763
Intangible assets	0	0	0	0	0
Deferred tax assets, net	0	0	0	0	0
Other assets	0	0	0	0	0
Total assets	45,039	47,960	54,441	62,694	73,417

Cash Flows

Y/E 31 Mar (Rs mn)	FY24A	FY25A	FY26E	FY27E	FY28E
Cash flow from operations	4,454	12,730	6,237	9,409	12,498
Capital expenditures	(962)	(2,000)	(3,000)	(4,000)	(4,000)
Change in investments	1,867	(1,153)	(1,392)	(1,809)	(2,352)
Other investing cash flows	0	0	0	0	0
Cash flow from investing	906	(3,153)	(4,392)	(5,809)	(6,352)
Equities issued/Others	0	0	0	0	0
Debt raised/repaid	(4)	(206)	0	0	0
Interest expenses	(72)	(207)	(150)	(120)	(100)
Dividends paid	(1,632)	(1,841)	(2,012)	(2,224)	(2,488)
Other financing cash flows	(5,625)	(6,780)	0	0	0
Cash flow from financing	(7,333)	(9,034)	(2,162)	(2,344)	(2,588)
Chg in cash & cash eq.	(1,973)	542	(317)	1,256	3,558
Closing cash & cash eq.	1,360	1,902	1,585	2,842	6,399

Per Share

Y/E 31 Mar (Rs)	FY24A	FY25A	FY26E	FY27E	FY28E
Reported EPS	64.6	72.8	79.6	88.0	98.5
Adjusted EPS	64.6	72.8	79.6	88.0	98.5
Dividend per share	12.9	14.6	15.9	17.6	19.7
Book value per share	403.8	423.6	515.3	616.7	730.2

Valuations Ratios

Y/E 31 Mar (x)	FY24A	FY25A	FY26E	FY27E	FY28E
EV/Sales	7.7	6.9	6.2	5.6	5.2
EV/EBITDA	27.5	25.6	23.6	21.1	19.0
Adjusted P/E	39.3	34.9	31.9	28.9	25.8
P/BV	6.3	6.0	4.9	4.1	3.5

DuPont Analysis

Y/E 31 Mar (%)	FY24A	FY25A	FY26E	FY27E	FY28E
Tax burden (Net profit/PBT)	73.3	77.4	75.0	75.0	75.0
Interest burden (PBT/EBIT)	107.5	106.6	111.2	108.3	108.5
EBIT margin (EBIT/Revenue)	24.6	24.0	23.1	23.8	24.4
Asset turnover (Rev./Avg TA)	30.1	31.8	31.6	28.9	26.5
Leverage (Avg TA/Avg Equity)	1.0	1.0	1.0	1.0	1.0
Adjusted ROAE	23.6	25.4	24.4	22.4	21.1

Ratio Analysis

Y/E 31 Mar	FY24A	FY25A	FY26E	FY27E	FY28E
YoY growth (%)					
Revenue	12.5	10.4	12.2	10.3	9.1
EBITDA	49.6	7.5	8.5	12.2	11.8
Adjusted EPS	38.8	12.8	9.3	10.5	11.9

Profitability & Return ratios (%)

EBITDA margin	27.8	27.1	26.2	26.7	27.3
EBIT margin	24.6	24.0	23.1	23.8	24.4
Adjusted profit margin	19.4	19.8	19.3	19.3	19.8
Adjusted ROAE	23.6	25.4	24.4	22.4	21.1
ROCE	32.0	33.1	32.8	30.0	28.2

Working capital days (days)

Receivables	108	93	90	88	88
Inventory	72	71	70	69	69
Payables	40	36	30	20	20

Ratios (x)

Gross asset turnover	1.8	1.9	1.9	1.8	1.8
Current ratio	2.6	2.3	3.1	3.8	4.2
Net interest coverage ratio	143.8	53.8	80.4	114.1	152.9
Adjusted debt/equity	0.0	0.0	0.0	0.0	(0.1)

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

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BUY – Expected return >+15%

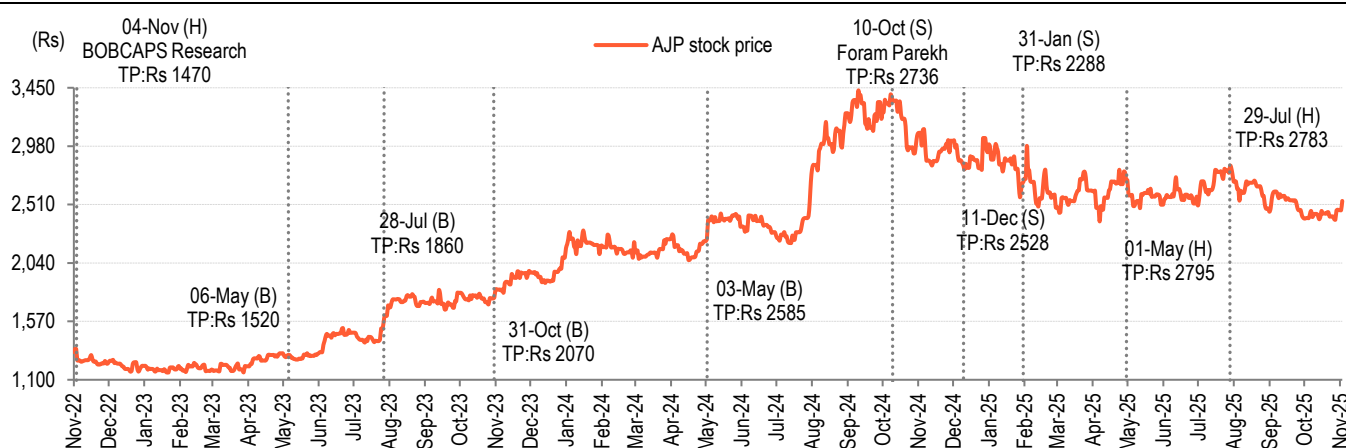
HOLD – Expected return from -6% to +15%

SELL – Expected return <-6%

Note: Recommendation structure changed with effect from 21 June 2021

Our recommendation scale does not factor in short-term stock price volatility related to market fluctuations. Thus, our recommendations may not always be strictly in line with the recommendation scale as shown above.

Ratings and Target Price (3-year history): AJANTA PHARMA (AJP IN)



B – Buy, H – Hold, S – Sell, A – Add, R – Reduce

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