Sector: Pharmaceuticals | **RESULT REVIEW Q2FY27** | **Declared On: 30 Oct 2026**

Ajanta Pharma Limited

RECOMMENDATION SNAPSHOT				
*CMP	Target	Potential Upside	MCap (Rsbn)	Recommendation
Rs3398	Rs3800	12%	424.6	Accumulate

**as on 02nd Nov, 2026*

About the Company:

Ajanta Pharma Limited (Ajanta) is a specialty pharma company engaged in the development, manufacturing and marketing of quality finished dosages. The company produces a range of specialty products, targeting different therapeutic segments. Ajanta's forte has been on New Drug Delivery System (NDDS); new product launches and first-of-its-kind generics. The business caters to branded generics in emerging markets of Asia and Africa, generics in the developed markets of USA and institution sales. Two of the five facilities in India have been successfully approved by USFDA. Mr. Mannalal Agrawal is the Chairman and Mr. Yogesh Agrawal is the Managing Director.

Results: Quick Glance:

- The net sales for the quarter grew by 32.5%; at Rs17,942mn as compared to Rs13,537mn in the same quarter last year
- The Ebitda margins for the quarter under review stood at 30.5% as against 24.2% in Q2FY26
- The net profit came in at Rs3,881mn as against Rs2,602mn in the comparative quarter last year
- The EPS for the quarter under review stood at Rs31.07 as compared to Rs20.83 in the corresponding period last year
- For H1FY27, the revenues came in at Rs34,201mn as compared to Rs26,564mn; growth of 28.8% while the PAT stood at Rs7,224mn as against Rs5,155mn. The EPS came in at Rs57.81 as against Rs41.27 in H1FY26

Geographic Performance:

- **India business:** The India sales came in at Rs5,040mn as compared to Rs4,320mn, growth of 16%. As per IQVIA MAT Sept 2026, segmental mix for Ajanta stood as: 13% Cardio (segment growth of 17%), 18% Ophthal (segment growth of 12%), 14% Derma (segment growth of 11%) and 16% in Pain management (segment growth of 12%)
- **USA:** The revenues for the quarter came in at Rs4,840mn as against Rs3,440mn; growth of 41%. In US, during H1FY27, the company received 4 ANDA final approvals. The company has commercialized 52 ANDAs till date. Ajanta holds 5 tentative approvals while 17 ANDAs are awaiting USFDA approval
- **Africa:** The African institution business grew by 259% at Rs1,160mn as against Rs320mn in the comparative quarter

Conference Call Highlights:

- **Branded generics** constituted of ~66% of total sales (Q2FY27) spread across India, Asia and Africa. For H1FY27 the sales stood at Rs22,410mn as compared to Rs19,040mn in the comparative quarter; growth of 18%

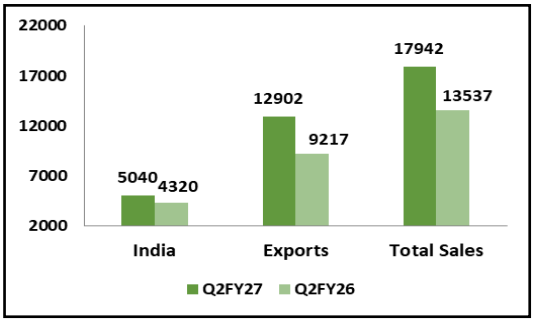
Emerging branded generics market:

- **Asia** business reported sales at Rs3,660mn for Q2FY27 as against Rs3,100mn in Q2FY26; growth of 18%; bouncing back despite Middle East disruptions; Asia and Africa branded together contributed 38% of total revenues. The company launched 4 new products and continued to invest in new products and markets. Management expects the growth momentum to continue
- The **Africa branded generics** reported revenues at Rs3,120mn for the quarter; growth of 41%, driven by new launches and expanded field force. In Africa branded market, the company launched 3 new products in H1FY27. The company targets of achieving high double-digit growth for FY27E
- The **institutional business** revenues of the quarter came in at Rs1160mn v/s Rs320mn; growth of 259%. Performance was stronger than expected due to robust procurement activity. However, procurement by institutional agencies remains unpredictable, and these sales are not expected to sustain in H2FY27
- **US business:** the US generics contributed ~27% of the overall revenues. For Q2FY27, the sales stood at Rs4,840mn as against Rs3,440mn; growth of 41% on a y-o-y basis. Q2FY27 growth was partly supported by a lower base in Q2FY26. The constant currency growth was about 30-35% in H1FY27. The H1FY27 sales were elevated by limited-competition products commercialized in H2FY26. With new generic entrants now in the market, the company expects some loss of market share in these products, and US sales are likely to normalize in H2FY27. The company launched 3 products, received 4 final approvals and filed 1 ANDA in H1FY27. 17 ANDAs are pending final approval with the USFDA. More approvals are expected over the next two quarters, with launches subject to USFDA approval. The company plans to file 8-10 ANDAs during FY27E
- **India business:** The India sales came in at Rs5040mn as compared to Rs4320mn, growth of 16%; constituting ~28% of the total revenues for Q2FY27. Field force expansion and entry into new areas have started yielding results. The growth in the domestic business categorized on the basis of price, volume and new launches respectively came in as 5.0%, 5.8% and 5.9% as against the overall IPM growth of ~13.2%

Conference Call Highlights (contd.):

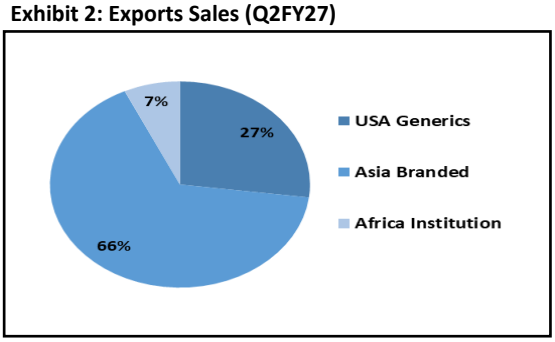
- **India business (contd.):** The India branded generic performance exceeded IPM growth by 27%. The higher growth came from new launches, which exceeded IPM by 70% and volumes, which exceeded IPM by 18%. As per IQVIA MAT Sep'26, Cardio contributed 37%, Ophthalmology 28%, Dermatology 22% and Pain 10%, while new therapeutic areas accounted for 3%. Cardiology grew in line with the IPM and slightly ahead of the covered market. Growth was driven mainly by volume and new product launches, with pricing broadly in line with IPM trends. Structural tailwinds include rising hospital penetration, government schemes driving prescriptions, improving insurance coverage, and a slowdown in unbranded generics over the past 2-3 years adding back to prescription growth. Management expects the growth momentum to sustain, with the business outperforming the IPM by 20-25%. PCPM improved to around Rs4.5lakh per MR in H1FY27 from Rs3.7lakhs in FY26. **Trade generic** sales stood at Rs560mn in Q2FY27 and Rs1.04bn in H1FY27
- Regulatory dossiers for in-licensed **Semaglutide** are being filed across the Middle East and Africa. With the given 2-year approval timeline; sales are expected from FY28E onwards
- **Financials:** (i) gross margin for Q2FY27 came in at ~78.5% led by healthy margins across all geographies and going forward the Management expects the gross margins to be at ~78% (+1/-1%). The Ebitda margins guidance continues to remain intact at ~27% (+1/-1%) for FY27E; due to anticipated increase in US competition. The company incurred no forex loss during the quarter while the forex loss during H1FY27 was Rs260mn, (ii) the R&D expenses in Q2FY27 stood at Rs720mn (4% of the overall sales); is expected to be around 5% for FY27E, (iii) ETR for Q2FY27 stood at ~23% and the Management expects the ETR to be at ~26.5% in FY27E as the company is transitioning from the exemption period, (iv) the capex for Q2FY27 stood at Rs2.1bn while for FY27E the Management expects to incur ~Rs4bn, of which Rs1.5bn is for maintenance, (v) currency contributed 4-5% of growth across the export business, (vi) RoCE and ROE for H1FY27 stood at 41% and 31% respectively, (vi) between Mar'26 and Sept'26, receivable days reduced on better US collections, and inventory days reduced from 63 to 52. By end of FY27E, receivable days are expected to be lower while inventory days are expected to return to March levels, (vii) net cash and investments stood at Rs5.74bn as of Sep'26, after paying an interim dividend of Rs4.0bn during the quarter

Exhibit 1: Sales Performance (Rs mn)



Source: Q2FY27 PPT, Progressive Research

Exhibit 2: Exports Sales (Q2FY27)



Source: Q2FY27 PPT, Progressive Research

Financials:

Performance (Q2FY27)									
Q2FY27 Result (Rs mn)	**Sept-26**	**Sept-25**	**y-o-y**	**Jun-26**	**q-o-q**	**H1FY27**	**H1FY26**	**y-o-y**	**FY27E**
Total Revenue	17942	13537	32.5%	16260	10.3%	34201	26564	28.8%	63373
EBITDA	5476	3278	67.0%	4236	29.3%	9711	6792	43.0%	17428
Other Income	374	593	(37.0%)	709	(47.3%)	1083	857	26.4%	1622
Interest	22	34	(33.9%)	32	(29.6%)	54	87	(37.3%)	150
Depreciation	476	430	10.7%	445	6.9%	921	843	9.3%	1927
Exceptional Items	0	0	-	0	-	0	0	-	0
Tax	1470	806	82.3%	1126	30.6%	2596	1564	66.0%	4413
Net Profit	**3881**	**2602**	**49.2%**	**3342**	**16.1%**	**7224**	**5155**	**40.1%**	**12561**

Outlook and Recommendations:

The company has reported healthy numbers for the quarter under reference with revenue growth of 32.5% y-o-y to Rs17.9bn backed by sustained growth across markets, pick-up in branded generics and new launches. The gross margins stood at 78.5% supported by favourable product mix and lower material costs with Ebitda margins at 30.5%; up by 630bps y-o-y that was aided by improving operational efficiencies and increasing branded generics contribution. This overall translated into PAT growth of 49.2% y-o-y to Rs3.9bn. The **India** business reported growth of 16.7% (IPM growth of 13%), aided by field-force expansion, new launches, therapy additions. The Management expects mid-teens growth in this segment and aims to outperform the IPM by 20-25%. **Asia-branded** generics recovered with growth of 18.1% y-o-y in Q2FY27 as the company has identified alternate shipping routes to supply this region. The deferred sales were recognized in Q2FY27, and while Q2FY27 growth reflects a mix of factors, underlying demand remains intact. It is projected to grow in the mid-teens in FY27E, supported by recovery from the earlier supply-chain disruptions. The **Africa-branded business** grew 41.2% y-o-y, driven by new launches and expanded field force. The momentum is expected to continue for the rest of FY27E. The growth reflects improving productivity of the field force expanded over the last 2-3 years, new product launches, market share gains in existing products and favourable currency. The **institutional** business reported a strong growth of 259% y-o-y; but procurement by institutional agencies remains unpredictable and thereby sales are not expected to sustain in H2FY27. **US Generics** grew 41% y-o-y, on account of the low base and limited-competition products; however, increasing competition is expected to moderate growth going forward. Management has raised its FY27E outlook for the US generic business to high single-digit growth from mid-single digit earlier, despite anticipating new competition and price erosion in H2FY27. The Management has maintained its guidance of high-teens consolidated revenue growth for FY27E, which already factors in the anticipated H2 moderation in the US generic and Africa institutional businesses. It has also maintained its ~27% Ebitda margin guidance (+1/-1%), and expects potential moderation in H2FY27 due to US competition. The Management reiterated its optimism in the future potential driven by branded business further picking pace (which accounts for 2/3rd of the total business), enriching pipeline with niche products, cost optimisation, newer therapies growing steadily, field force expansion and strengthening IPM performance. We maintain accumulate on the stock for a target of Rs3800.

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