Sector: Pharmaceuticals **RESULT REVIEW Q4&FY26** **Declared On: 05 May 2026**

Ajanta Pharma Limited

RECOMMENDATION SNAPSHOT				
*CMP	MCap (Rsbn)	Recommendation	Target	Potential Upside
Rs3093	386.5	Accumulate	Rs3400	10%

**as on 06th May, 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 21.5%; at Rs14,216mn as compared to Rs11,704mn in the same quarter last year
- The Ebitda margins for the quarter under review stood at 23.5% as against 25.4% in Q4FY25
- The net profit came in at Rs2,667mn as against Rs2,253mn in the comparative quarter last year
- The EPS for the quarter under review stood at Rs21.35 as compared to Rs18.00 in the corresponding period last year
- For FY26, the revenues came in at Rs54,529mn as compared to Rs46,481mn; growth of 17.3% while the PAT stood at Rs10,560mn as against Rs9204mn. The EPS came in at Rs84.53 as against Rs73.56 in FY25
- The mark-to-market forex loss stood at Rs417mn in Q4FY26. Excluding this impact, Ebitda stood at Rs3,751mn, reflecting a 26.2% growth, with an Ebitda margin of 26.4%

Geographic Performance:

- **India business:** The India sales came in at Rs4,040mn as compared to Rs3,690mn, growth of 9.0%. As per IQVIA MAT March 2026, segmental mix for Ajanta stood as: 7% Cardio (segment growth of 14%), 14% Ophthal (segment growth of 9%), 14% Derma (segment growth of 7%) and 12% in Pain management (segment growth of 8%)
- **USA:** The revenues for the quarter came in at Rs5,050mn as against Rs3,250mn; growth of 56%. In US, during FY26, the company received 4 ANDA final approvals and filed 5 ANDAs. The company has commercialized 49 ANDAs till date. Ajanta holds 6 tentative approvals while 19 ANDAs are awaiting USFDA approval
- **Africa:** The African institution business grew by 71% at Rs480mn as against Rs280mn in the comparative quarter

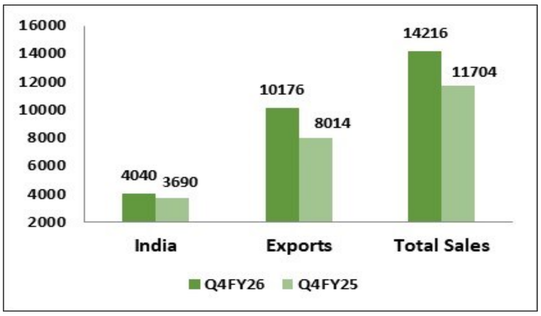
Conference Call Highlights:

- Branded generics constituted of ~61% of total sales (Q4FY26) spread across India, Asia and Africa and ~68% of total sales in FY26. For Q4FY26 the sales stood at Rs8,590mn as compared to Rs8,050mn in the comparative quarter; growth of 7% whereas for FY26 the sales stood at Rs36,900mn
- **Emerging branded generics market:** Asia business reported sales at Rs2,740mn for Q4FY26 as against Rs3,030mn in Q4FY25; drop of 10%. The Management had anticipated some recovery to flow through in Q4FY26 but due to the geopolitical unrest and situation in the Middle East, the dispatches for the company faced the impact. For the full year as well, the challenges pertaining to logistics impacted the overall performance with a marginal drop in the sales by about 1%. Going forward, the Management anticipates the business to gain momentum in the upcoming quarters. The company launched 15 new products for this business primarily related to chronic therapies. For FY27E, the Management has guided for high double-digit growth for this business. The **Africa branded generics** reported revenues at Rs1,820mn for the quarter; growth of 37% and a growth of 15% for FY26. In Africa branded market, the company launched 1 new product taking the total count to 8 on a YTD basis. The company targets of achieving high double-digit growth for FY27E
- As far as the uncertainties in the current scheme of things are concerned, the freight costs (both air and sea) witnessed an increase across geographies and Q4FY26 was one-off quarter for the company in terms of elevated expenses however, the Management has considered all the parameters and accordingly maintained its full year guidance with respect to Ebitda margins at ~27%. Although the company was well cushioned with the inventory levels in Q4FY26, the subsequent effects may be seen or monitored for by the Management if the uncertainty continues to prevail. The sea shipments which were stranded earlier have now resumed business but the only concern being the longer transit time for the company's products to reach the required port/destinations

Conference Call Highlights (contd.):

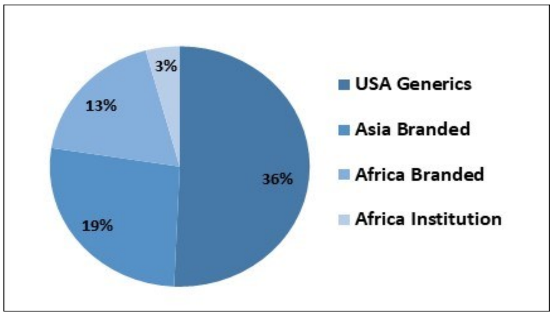
- The **institutional business** revenues of the quarter came in at Rs480mn v/s Rs280mn; growth of 71% and for FY26 the revenues reported a growth of 9% on y-o-y basis. The Management had anticipated a slightly softer performance for the institutional business but good order inflow in H2 led to an overall good performance for FY26
- In FY26, the company added ~277MRs taking the total count to 3750+. Going forward, in FY27E the Management intends to add approx. 250-300 MRs across the therapies and for Asia and African markets in specific an addition of ~130-150 MRs is anticipated. The PCPM for FY26 came in at Rs3.7lk and the Management expects this to inch upwards to ~Rs4-4.5lks
- **US business:** the US generics contributed ~36% of the overall revenues. For Q4FY26, the sales stood at Rs5,050mn as against Rs3,250mn; growth of 56% on a y-o-y basis whereas for FY26 the sales grew by ~49%. The growth was led the launches undertaken over the past 15 months and gain in market share of these products. The company also witnessed a seasonal demand for one of its products primarily in Dec but more towards Jan. The guidance for FY27E is expected at mid-single digit given a high base of FY26 revenue figures. The filing target for FY27E continues to be at ~8-12; 5 have been filed in FY26. For H2FY27 the company intends to launch ~4-5 new products
- The USFDA concluded an inspection conducted from 13th-21st April, 2026 at the company's manufacturing facility at Paithan, in Maharashtra with the issuance of Form-483 with 5 observations. The company doesn't anticipate any impact on the existing products and filings from this facility
- **India business** reported growth of ~9% for Q4FY26; constituting ~29% of the total revenues for Q4FY26 and ~30% of sales in FY26. Ajanta has launched 26 new products in India during FY26; of which 5 were FTFs. Trade generics revenues came in at Rs490mn in Q4FY26 and Rs1,880mn in FY26 as compared to Rs1,790mn in FY25. The growth in the domestic business categorized on the basis of price, volume and new launches respectively came in as 4.8%, 3.6% and 4.7% as against the overall IPM growth of ~10%. The focus therapies contribution during the quarter stood as: cardio at 37%, ophthal at 29%, derma at 22%, pain management at 10%, nephro and gynaec each at ~1%. Almost 53% of the contribution is from top 10 brands. With regard to the Cardiac segment, IQVIA v/s Ajanta growth rate stood as 14% as against Ajanta at 7%; the Management is working towards resolving the variances. The NLEM exposure for the portfolio is ~11%. The chronic contribution in certain markets for Ajanta is at ~80% while on an average the chronic: acute mix stands at ~50%. With regard to the developments on the gynaec and nephrology therapy areas, for the former the progress for the company has been pacing well and intends to add more MR over the coming years whereas for nephrology the developments would take some time to start reflecting eventually
- For **Semaglutide** opportunities outside the Indian markets, the company intends to start filing for approvals tentatively in Q1FY27 and expects approx. 1.5-2 years for the launch
- **Financials:** (i) the gross margin for Q4FY26 came in at ~78.6% and going forward the Management expects the gross margins to be at ~77% (+1/-1%). The Ebitda margins guidance too continue to remain intact at ~27% (+1/-1%) for FY27E; variations if any are directed towards marketing related investments that the company intends to undertake in the future, (ii) the R&D expenses in Q4FY26 stood at Rs700mn (5% of the overall sales) while for FY26 stood at Rs2,520mn (5% of the overall sales); the % is expected to be at more or less the current levels going forward as well, (iii) ETR for Q4FY26 stood at ~23% and the Management expects the ETR to be at ~26-26.5% in FY27E as the company is transitioning from the exemption period, (v) the capex for FY26 stood at Rs3.3bn while for FY27E the Management expects to incur ~Rs4bn of which Rs1.5bn would be directed towards maintenance capex and balance for new capacity enhancements, (vi) the increase in the employee cost is due to the MR addition across the branded generics market as well as on account of incremental provision created to the tune of Rs90mn towards the new labour code. The other expenses grew by ~43% on a y-o-y basis in Q4FY26 which was inclusive of MTM forex loss amounting to Rs417mn (ex-this the other expenses grew by ~29% on a y-o-y basis) and on account of depreciation of the domestic currency. Going ahead, the Management expects the current trend to prevail in terms of other expenses, (vii) RoCE and ROE for FY26 stood at 33% and 25% respectively, (viii) the inventory days for FY26 showed an improvement and stood at 63 days as against 72 in FY25 whereas debtor days stood at 125 days as against 94 in FY25. The surge in the debtor days was on account of higher outstanding sales in the US markets

Exhibit 1: Sales Performance (Rs mn)



Source: Q4FY26 PPT, Progressive Research

Exhibit 2: Exports Sales (Q4FY26)



Source: Q4FY26 PPT, Progressive Research

Financials:

Performance (Q4&FY26)									
Q4&FY26 Result (Rs mn)	**Mar-26**	**Mar-25**	**y-o-y**	**Dec-25**	**q-o-q**	**FY26**	**FY25**	**y-o-y**	**FY27E**
Total Revenue	14216	11704	21.5%	13748	3.4%	54529	46481	17.3%	61345
EBITDA	3334	2972	12.2%	3822	(12.8%)	13948	12595	10.7%	16993
Other Income	614	181	-	250	-	1721	945	82.1%	750
Interest	24	61	(61.1%)	51	(53.7%)	161	207	(22.3%)	170
Depreciation	454	398	14.1%	435	4.3%	1731	1441	20.1%	1820
Exceptional Items	0	0	-	0	-	0	0	-	0
Tax	804	442	82.1%	848	(5.2%)	3217	2688	19.7%	4269
Net Profit	**2667**	**2253**	**18.4%**	**2738**	**(2.6%)**	**10560**	**9204**	**14.7%**	**11483**

Outlook and Recommendations:

The company has reported mixed set of numbers with better than expected revenue growth for the quarter; 21.5% y-o-y. The revenues for FY26 reported growth of ~17.3% on a y-o-y basis. FY26 marks the first year for the company to cross overall sales of ~Rs54bn and ~Rs10bn at the overall PAT levels. The performance was attributed to the US and the Africa business which registered a growth of ~56% and ~71% respectively for the quarter under review, partially offsetting the weakness in the Asia business (although the decline was lower than expected). The growth momentum in the US business (reported highest ever quarterly run-rate) was aided by the past launches undertaken by the company coupled with enhanced market share for the existing products. The company has guided of accelerated pace of filing in FY27E; the Management expects ~4-5 new product launches for H2FY27. The Management anticipates mid-single digit guidance for the US business and a high double-digit growth for the Africa branded business in FY27E. Although there were certain aberrations with respect to the global uncertainties that led to elevated expenses in terms of logistical challenges and increase in transit time for the shipments; all of these impacted the performance for the Asia branded business which reported a drop of ~10% in Q4FY26 and a marginal drop of ~1% in FY26. The business only faced disruptions in terms of supply chain issues with no challenges on the demand front; however, these concerns appear to have been streamlined for the company and the Management expects the Asia branded business to perform well in the upcoming quarters. The India business reported sales of Rs4,040mn in Q4FY26; growth of ~9%. The company continued to outperform the IPM growth (across all parameters of new launches, price and volume growth) which came in at ~10% as against Ajanta's growth of ~13%. Going ahead the Management expects to continue to sustain the growth trajectory for the domestic business. On the financial front, incremental staff costs and other expenses led to a lower reported Ebitda margin for the quarter that stood at ~23.5%; excluding the MTM forex losses (factored in other expenses) the Ebitda margins were sustained at more or less ~26.4% in Q4FY26 and ~27.5% for FY26. The Management retains its earlier guidance of ~27% on the Ebitda margins for FY27E. The Management is of the opinion that on account of increased filings across the markets, investments in order to support the future growth trajectory may quite possibly impact the profitability to some extent in the near future.

Outlook and Recommendations (contd.):

On the digitisation front, the focus on AI initiatives is at nascent stage as of now for the company and the Management believes of not anticipating any major impact on account of this on its R&D expenses over the medium to long-term; they are expected to be maintained at ~5% of the total sales. The semaglutide opportunity outside the Indian markets would take time to be reflected as the filings and commercial launch for this would take approx. 2 years and thus the Management anticipates the revenue generation from the same to start factoring in probably from 3rd/4th year post the launch and at the same time anticipates an increase in the market share as well. Overall, with continued new product launches, gain market share in the existing products, consistent execution across the geographies, cost optimisation initiatives position the company for a better growth ahead. We maintain an accumulate on the stock for a revised target of Rs3400.

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