Ajanta Pharma Limited

August 25, 2025

Facilities/Instruments	Amount (₹ crore)	Rating[1]	Rating Action
Long-term / Short-term bank facilities	72.50 (Enhanced from 65.00)	CARE AA+; Stable / CARE A1+	Reaffirmed

Details of instruments/facilities in Annexure-1.

Rationale and key rating drivers

Reaffirmation of the long-term rating assigned to bank facilities of Ajanta Pharma Limited (APL) reflects the company's consistent improvement in performance, minimal dependence on debt, and regular product launches in the cardiac, ophthalmology, and dermatology segments.

Ratings are supported by APL's strong business profile, characterised by its focus on specialised therapies, wide geographic and product presence, well-established brands across multiple therapeutic areas, and a diversified revenue mix. Its vertically integrated operations, accredited manufacturing facilities, advanced research and development (R&D) capabilities, and extensive marketing network further strengthen its credit profile.

At the same time, ratings remain partly constrained by inherent regulatory risks associated with the pharmaceutical sector, and intense competition and pricing pressure in both domestic and export markets. CARE Ratings Limited (CareEdge Ratings) notes that the promoter group—holding ~31% of the company's equity—has pledged ~8.36% of the total share capital. While promoters are not directly involved in APL's management, further increase in share pledge or reduction in holding will be a key monitorable.

Rating sensitivities: Factors likely to lead to rating actions

Positive factors

- Significant increase in turnover with better utilisation of expanded capacities on sustained basis while sustaining profit before interest, lease rentals, depreciation and taxation (PBILDT)% over 28% consistently.
- Improvement in operating cycle to below 100 days.

Negative factors

- Reduction in PBILDT margin below 20% on sustained basis.
- Weakening of financial risk profile because of large debt-funded capex/acquisition or increase in working capital requirements resulting in total debt to PBILDT going above 1.50x.

Analytical approach: Consolidated

CareEdge Ratings has adopted a consolidated approach for arriving at ratings of APL given the strong operational linkages among its subsidiaries. Companies considered for consolidation are listed under Annexure-6.

Outlook: Stable

The stable outlook reflects that the rated entity is likely to maintain its established market position and would have comfortable liquidity profile in the medium term.

Detailed description of key rating drivers:

Key strengths

Strong business profile with focus on specialty therapeutic segments

APL has a well-established and diversified product portfolio across many therapeutic segments, including niche speciality segments with focus on ophthalmology, dermatology, cardiology, and pain management among others. Moreover, the company also has presence in other segments, antimalarial, ENT and paediatric, orthopaedic, and antibiotics among others. Besides, the company also has a basket of brands in each of the key therapeutic segments such as Artefan (anti-malarial), Met XL (Hyper-tension), Atorfit (high cholesterol), Rosofit, Cinode (cardiology), Melacare (dermatology), and Unibrom (ophthalmology) among others.

[1]Complete definition of ratings assigned are available at www.careratings.com and other CARE Ratings Limited's publications.

Significant presence in key therapeutic segments
The company has a significant presence in key therapeutic segments, such as cardiology, dermatology, ophthalmology, and pain management. In the last decade, it has strengthened its position in the Indian market by focusing on fast-growing therapeutic areas. It now holds strong market positions with well-recognised brands across cardiology (MET XL, Cinod), dermatology (Melacare Cream, Pacroma, Salisia KT), ophthalmology (Bimat, Nepaflam, Soft Drops), and pain management (Feburic), with several of its products leading their respective sub-segments.

Geographically diversified business profile
The company's branded generics division is well-diversified, generating sales in India and over 30 emerging markets across Asia and Africa. The company's business includes branded generics - in India, emerging markets of Asia and Africa, generics in US and institution sales in Africa. This widespread market coverage has contributed to business reliability, scalability, and long-term sustainability. In FY25, APL had a healthy mix of export (68%) and domestic sales (32%). In export, US market contributed ~23%, Asian market (apart from India) contributed ~42%, and African market contributed 3% of the total revenue. CareEdge Ratings expects that geographical profile of the company will continue to remain well diversified though the company may focus further to penetrate in the US market with 8-10 additional Abbreviated New Drug Application (ANDA) filings every year.

Steady growth backed by chronic focused portfolio and launch of new products
The company has been witnessing steady growth in its business operations supported by launch of new products every year. The company has a portfolio of ~50 products and over 5500 medical representatives. In India, the company has over 300 products in branded generics in four therapeutic segments, in Asia and Africa it has over 200 products in branded generics in eight therapeutic segment and in US generic business it has 55 approved ANDAs (including two tentative). In India and Asia, chronic therapies make up 65% and 75% of the revenue, indicating a highly stable and dependable market. The company has been focusing on increasing its share in chronic portfolio such as cardiology, anti-diabetic, ophthalmology, dermatology and pain management and has been launching new products in these segments. in FY25, company has launched 70 new products.

Sustained revenue growth alongside healthy operating margins
APL has demonstrated consistent revenue growth and maintained healthy operating margins. In FY25, the company's revenue increased by ~10%, rising from ₹4,225 crore in FY24 to ₹4,649 crore, driven by the successful launch of new products. During the year, APL introduced 70 new products across therapeutic segments in India and emerging markets. The company continues to strengthen its portfolio by focusing on chronic therapies, which now contribute ~65% to its overall revenue—supporting long-term, sustainable growth. Alongside this steady performance, APL reported robust PBILDT margins of 27.39% in FY25. CareEdge Ratings projects that APL will maintain a revenue growth rate of 10–12% year-on-year, while sustaining PBILDT margins above 25%.

Comfortable capital structure and debt coverage indicators
Capital structure of the company remained comfortable as on March 31, 2025. The company does not have term loans and debt represents lease liability and working capital borrowings. At consolidated level, debt to equity ratio and overall gearing stood at 0.01x as on March 31, 2025 (0.01x as on March 31, 2024). Other debt coverage indicators such as term debt/gross cash accruals (GCA) and total debt/GCA have remained comfortable at 0.05x. Interest coverage parameters (PBILDT/interest and profit before interest and taxes [PBIT]/interest) are comfortable at 61.41x and 54.46x in FY25.

Key weaknesses
Volatility in raw material prices
With limited ability to pass on the increase in raw material costs, any substantial increase in raw material costs may affect the company's profitability in the near term. However, over the years, the company's PBILDT margin has remained healthy, and the company has been able to procure raw material at lower price as it is purchasing raw materials at lower credit period and availing better bargained prices for its raw materials. The company procures almost 90-95% of its raw material from domestic market and imports the remaining mainly from China. Hence, APL does not face major concerns in raw material procurement due to issues in China.

Foreign exchange fluctuation risk
The company derived ~68% of its overall revenues from exports, thus it is exposed to foreign currency fluctuation risk. In FY25, APL reported ₹2,871.82 crore earnings (PY: ₹2,386.47 crore) and an outgo of ₹487.20 crore (PY ₹398.83 crore) in foreign currency. The major currency exposure for the company is USD and Euro. The company generally does currency hedging for six to 18 months and up to the extent of 50% to 75% of its net foreign exchange earnings. It uses forward exchange contracts and/or options to hedge against its net foreign currency exposures as advised by the risk management committee and forex consultants.

Regulatory risk

APL has its presence in multiple countries across the world, with seven production units. Considering the nature of the product usage and application, and consequent impacts, APL is required to comply with laws, rules and regulations and operate under strict regulatory environment. Thus, infringement in any of the law, and significant adverse change in the import/export policy or environmental/regulatory policies in the area of operations of the company, can impact the company's operations. In addition, uncertainty around potential tariff impositions by the US also poses a regulatory and trade risk for the company. However, the company is continuously taking adequate steps to address the regulatory risks. All manufacturing sites continue to successfully clear regulatory audits, conducted by leading global regulatory agencies.

Liquidity: Strong

The liquidity position of the company remains strong, supported by healthy cash accruals of ~₹1,021 crore in FY25 against nil term loan repayment obligations. Although operating cycle improved to 154 days in FY25 (from 163 days in FY24), it remains elongated owing to high inventory holding of 108 days, alongside receivables of 95 days and creditor period of 49 days. The company maintains higher levels of raw materials and finished goods inventory to cater to demand across multiple regions, and extended credit terms offered to clients. CareEdge Ratings expects the company to generate cash accruals in the range of ₹1,000 - ₹1,200 crore in FY26, which should be sufficient to cover the planned capex of ~₹300 crore and the incremental working capital requirements, both of which are expected to be comfortably funded through internal resources. Utilisation of non-fund-based limits has remained moderate at ~21% for the trailing 12 months ended June 2025, with no anticipated increase in working capital limits in the near term. At the consolidated level, the company held cash and equivalents of ~₹603.81 crore as on March 31, 2025.

With overall gearing at 0.01x, unutilised banking lines, and projected annual cash accruals of over ₹1,000 crore, liquidity is expected to remain over adequate to meet capex requirements. The current ratio also stood comfortable at 2.84x as on March 31, 2025. Accordingly, CareEdge Ratings expects APL's liquidity profile to remain comfortable.

Environment, social, and governance (ESG) risks

For the pharma industry, the main factor of ESG affecting the sector is the social aspects, such as product safety and quality, human capital and development, access to healthcare. Governance remains a universal concept affecting all sectors and geographies. Amongst the ESG factors, majority pharma companies seem to be focusing on product quality and safety and regulatory compliance in governance. Since these companies have exposure to different geographies, each having its own regulatory requirements, which are continuously evolving, non-compliance with regulations or scrutiny process can result in product withdrawals, recalls, regulatory action, declining sales, reputational damage, increased litigation, and related expenses. It might also result in regulatory ban on products/facilities and may impact the company's future approvals from regulators such as USFDA.

For safeguarding the environment, APL has taken initiatives such as waste reduction, energy efficiency improvements, renewable energy projects, and water conservation. In FY24, the company installed an additional 8.8-MW solar unit. These efforts led to a reduction of 14,268 tonnes in CO_2 emissions in FY25. Apart from this, the company is also working on water conservation, solid waste management, and plastic neutrality to make our operations more sustainable in the long run. The company provides healthcare services, supporting education and is instrumental in developing rural and tribal areas. The company has an independent and professional board at the helm ensuring transparency and accountability.

Applicable criteria

- Consolidation
- Definition of Default
- Liquidity Analysis of Non-financial sector entities
- Rating Outlook and Rating Watch
- Manufacturing Companies
- Pharmaceuticals
- Financial Ratios – Non financial Sector
- Short Term Instruments

About the company and industry

Industry classification

Macro-Economic Indicator	Sector	Industry	Basic Industry
Healthcare	Healthcare	Pharmaceuticals & Biotechnology	Pharmaceuticals

Incorporated in 1979, APL is engaged in branded generics by catering to cardiology, ophthalmology, dermatology, pain management, antimalarial, gastroenterology, antihistamine and respiratory, and therapeutic segments, among others. APL is spearheaded by Mannalal B. Agrawal (Chairman), Madhusudan Agarwal (Vice Chairman), Yogesh M. Agrawal (Managing Director), and Rajesh M Agarwal (Jt. Managing Director). APL's manufacturing operations are spread across seven manufacturing plants, out of which two are US FDA approved. Of these, the company has six manufacturing facilities for formulations and one manufacturing facility for active pharmaceutical ingredient (API) for captive consumption. The company also has a Research Development (R&D) centre at Mumbai, which is well supported by a team of over 850 scientists enabling the company to introduce innovative products for markets across the globe.

Brief Consolidated Financials (₹ crore)	March 31, 2024 (A)	March 31, 2025 (A)	Q1FY26 (UA)
Total operating income	4224.58	4648.56	1208.56
PBILDT	1196.91	1273.03	370.00
PAT	816.16	920.39	254.97
Overall gearing (times)	0.01	0.01	NA
Interest coverage (times)	166.01	61.41	506.84

A: Audited, UA: Unaudited, NA: Not available; Note: these are latest available financial results

Status of non-cooperation with previous CRA: Not applicable

Any other information: Nil

Rating history for last three years: Annexure-2

Detailed explanation of covenants of rated instrument / facility: Annexure-3

Complexity level of instruments rated: Annexure-4

Lender details: Annexure-5

Annexure-1: Details of instruments/facilities

Name of the Instrument	ISIN	Date of Issuance (DD-MM-YYYY)	Coupon Rate (%)	Maturity Date (DD-MM-YYYY)	Size of the Issue (₹ crore)	Rating Assigned and Rating Outlook
Fund-based/Non-fund-based-LT/ST	-	-	-	-	62.50	CARE AA+; Stable / CARE A1+
Fund-based/Non-fund-based-LT/ST	-	-	-	-	10.00	CARE AA+; Stable / CARE A1+

Annexure-2: Rating history for last three years

Sr. No.	Name of the Instrument/Bank Facilities	Current Ratings			Rating History			
		Type	Amount Outstanding (₹ crore)	Rating	Date(s) and Rating(s) assigned in 2025-2026	Date(s) and Rating(s) assigned in 2024-2025	Date(s) and Rating(s) assigned in 2023-2024	Date(s) and Rating(s) assigned in 2022-2023
1	Fund-based/Non-fund-based-LT/ST	LT/ST	62.50	CARE AA+; Stable / CARE A1+	-	1)CARE AA+; Stable / CARE A1+ (29-Aug-24)	1)CARE AA; Stable / CARE A1+ (12-Sep-23)	1)CARE AA; Stable / CARE A1+ (12-Sep-22)
2	Fund-based/Non-fund-based-LT/ST	LT/ST	10.00	CARE AA+; Stable / CARE A1+	-	1)CARE AA+; Stable / CARE A1+ (29-Aug-24)	1)CARE AA; Stable / CARE A1+ (12-Sep-23)	1)CARE AA; Stable / CARE A1+ (12-Sep-22)

LT: Long term; ST: Short term; LT/ST: Long term/Short term

Annexure-3: Detailed explanation of covenants of rated instruments/facilities: Nil

Annexure-4: Complexity level of instruments rated

Sr. No.	Name of the Instrument	Complexity Level
1	Fund-based/non-fund-based-LT/ST	Simple

Annexure-5: Lender details

To view lender-wise details of bank facilities please click here

Annexure-6: List of entities consolidated

Sr No	Name of the entity	Extent of consolidation	Rationale for consolidation
1	Ajanta Pharma (Mauritius) Limited (APML)	Full	Wholly owned subsidiary
2	Ajanta Pharma Philippines Inc.	Full	Wholly owned subsidiary
3	Ajanta Pharma USA Inc	Full	Wholly owned subsidiary
4	Ajanta Pharma Nigeria Limited	Full	Wholly owned subsidiary

Note on complexity levels of rated instruments: CareEdge Ratings has classified instruments rated by it based on complexity. Investors/market intermediaries/regulators or others are welcome to write to care@careedge.in for clarifications.

Contact us

Media Contact	**Analytical Contacts**
Mradul Mishra Director **CARE Ratings Limited** Phone: +91-22-6754 3596 E-mail: mradul.mishra@careedge.in	Ranjan Sharma Senior Director **CARE Ratings Limited** Phone: 9122-67543453 E-mail: ranjan.sharma@careedge.in
Relationship Contact Saikat Roy Senior Director **CARE Ratings Limited** Phone: 912267543404 E-mail: saikat.roy@careedge.in	Pulkit Agarwal Director **CARE Ratings Limited** Phone: +91-22-67543505 E-mail: pulkit.agarwal@careedge.in Naveen Kumar Dhondy Associate Director **CARE Ratings Limited** Phone: +91-40-4010-2030 E-mail: dnaveen.kumar@careedge.in

About us:

Established in 1993, CareEdge Ratings is one of the leading credit rating agencies in India. Registered under the Securities and Exchange Board of India, it has been acknowledged as an External Credit Assessment Institution by the Reserve Bank of India. With an equitable position in the Indian capital market, CareEdge Ratings provides a wide array of credit rating services that help corporates raise capital and enable investors to make informed decisions. With an established track record of rating companies over almost three decades, CareEdge Ratings follows a robust and transparent rating process that leverages its domain and analytical expertise, backed by the methodologies congruent with the international best practices. CareEdge Ratings has played a pivotal role in developing bank debt and capital market instruments, including commercial papers, corporate bonds and debentures, and structured credit. For more information: www.careratings.com

For detailed Rating Report and subscription information,
please visit www.careratings.com