Ajanta Pharma Limited

August 14, 2026

Facilities/Instruments	Name of the Regulator[1]	Amount (₹ crore)	Rating[2]	Rating Action
Long-term / Short-term bank facilities	RBI	72.50	CARE AA+; Stable / CARE A1+	Reaffirmed

Details of facilities in Annexure-1.

Rationale and key rating drivers

Reaffirmation of ratings assigned to bank facilities of Ajanta Pharma Limited (APL) factors in the company's consistent improvement in operational and financial performance, supported by steady growth across its key business segments. Although the contribution from the emerging market of Asia and Africa witnessed moderation considering geopolitical challenges, robust growth in the US market supported the company's overall revenue performance. Consequently, in FY26, the company reported revenue growth of ~19%, driven largely by the increased contribution from the US market while maintaining healthy profit before interest, lease rentals, depreciation and tax (PBILDT) margin of 28.77%.

Ratings derive strength from APL's established business profile, characterised by its focus on specialised therapeutic segments, diversified product portfolio, and broad geographic presence. Regular new product launches in the cardiac, ophthalmology, and dermatology segments have strengthened its market position, while its portfolio of well-established brands, vertically integrated operations, accredited manufacturing facilities, well-equipped research and development (R&D) infrastructure, and extensive marketing network continue to support business growth. The company has also maintained a clean regulatory inspection record across its manufacturing facilities, reflecting strong compliance and quality standards. Ratings are further underpinned by the company's healthy financial risk profile and diversified presence across domestic and export markets.

However, ratings remain constrained by the inherent regulatory risks associated with the pharmaceutical industry and the intense competitive landscape, which exerts pricing pressure across both domestic and international markets. Ratings are further constrained by exposure to foreign exchange fluctuations and raw material price volatility, which may impact the company's profitability and operating margins. CARE Ratings Limited (CareEdge Ratings) also notes as on July 27, 2026, ~22.53% of the promoter shareholding was pledged, representing 14.30% of the total paid-up share capital of the company. The pledged shares belong to promoters who are not actively involved in APL's operations and have independent business interests.

Rating sensitivities: Factors likely to lead to rating actions

Positive factors

- Significant growth in turnover while maintaining healthy operating profitability, and sustained improvement in the operating cycle to below 100 days.

Negative factors

- Reduction in PBILDT margin below 20% on a 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-5.

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.

[1]SEBI: Securities and Exchange Board of India; RBI: Reserve Bank of India; MCA: Ministry of Corporate Affairs; IRDAI: Insurance Regulatory and Development Authority of India; PFRDA: Pension Fund Regulatory and Development Authority

[2]Complete definitions of the ratings assigned are available at www.careratings.com and in other CARE Ratings Limited's publications.

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. The company also has presence in other segments, antimalarial, ENT and paediatric, orthopaedic, and antibiotics among others. In FY26, the company entered two new therapeutic segments, gynaecology and nephrology, for expanding business and augmenting revenue. Besides, the company has a well-diversified portfolio of established brands across key therapeutic segments, with a strong presence in chronic and acute therapies.

Significant presence in key therapeutic segments

The company has significant presence in some of the key therapeutic segments, such as cardiology, dermatology, and ophthalmology. Over the past decade, the company has strengthened its market standing by expanding into several fast-growing therapeutic segments. Its portfolio includes well-established products, such as MET XL and Cinod in cardiology, Melacare Cream, Pacroma, and Salisia KT in dermatology, Bimat, Nepaflam, and Soft Drops in ophthalmology, and Feburic in pain management, with many of these products enjoying leadership positions in their respective sub-segments.

Geographically diversified business profile

The company's branded generics division is well-diversified, generating sales in India and over 33 emerging markets across Asia and Africa. The company's business includes branded generics in India and 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 FY26, APL had a healthy mix of export (69%) and domestic sales (31%). In export, the US market contributed ~29% (PY: 23%), Asian and African markets (apart from India) contributed ~38% (PY: 42%) and African institutional market ~3% of the total revenue. CareEdge Ratings expects the company's geographical revenue profile to remain well diversified, with the contribution from the US market expected to remain ~25% going forward.

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 over 600 products and over 6000 medical representatives. In India, the company has over 350 products in branded generics in six therapeutic segments, in Asia and Africa it has over 250 products in branded generics in eight therapeutic segment and in US generic business it has 49 approved Abbreviated New Drug Application (ANDAs) (excluding six tentative). The company derives a healthy share of its revenues from chronic therapies across key markets, imparting stability and predictability to its business profile. To further augment its product portfolio and sustain growth across key therapeutic segments, the company launched 53 new products in FY26, including 15 products in chronic therapy segments.

Sustained revenue growth alongside healthy operating margins

APL has witnessed significant growth in its revenue and has reported healthy operating margins. In FY26, the company's revenue grew by 19.39% from ₹4,649 crore in FY25 to ₹5,550 crore in FY26 driven by successful launch of new products. During the year, APL introduced 53 new products across therapeutic segments in India and emerging markets. The company's PBILDT margins remained healthy between 27% and 28% in last three years. PBILDT margin for FY26 stood at 28.77%. CareEdge Ratings expects that the company will continue to launch new products helping its revenue to grow by ~10%-12% y-o-y with PBILDT margins above 25%.

Comfortable capital structure and debt coverage indicators

Capital structure of the company remained comfortable as on March 31, 2026. The company does not have term loans and debt mainly represents lease liability and working capital borrowings. At the consolidated level, overall gearing moderated to 0.06x as on March 31, 2026 (PY: 0.01x), while the total debt to PBILDT ratio stood at 0.17x (PY: 0.04x). Moderation in leverage indicators was primarily due to an increase in total debt, largely considering short-term working capital borrowings availed by the US subsidiary to support the growth in US generic sales. The increase in working capital limits and corresponding utilisation was in line with the higher scale of operations and expansion in the US business. Other debt coverage indicators such as term debt to gross cash accruals (GCA) and total debt/GCA have remained comfortable at 0.04x and 0.21x, respectively. Interest coverage parameters (PBILDT/interest and profit before interest and tax [PBIT]/interest) are comfortable at 99.13x and 88.38x in FY26.

Key weaknesses

Volatility in raw material prices

With limited ability to pass on the increase in raw material costs, substantial increase in raw material costs may affect the company's profitability in the near term. Over the years, the company's PBILDT margin has remained healthy, and the company has been able to optimise its raw material procurement costs through its procurement practices and sourcing arrangements. The company procures almost 90-95% of its raw material from domestic market and imports the remaining mainly from China and Europe. Hence, APL does not face major concerns in raw material procurement due to issues worldwide.

Foreign exchange fluctuation risk

The company derived ~69% of its overall revenues from exports, thus it is exposed to foreign currency fluctuation risk. In FY26, APL reported ₹2,994.66 crore (PY: ₹2,871.82 crore) earnings and an outgo of ₹549.92 crore (PY: ₹487.20 crore) in foreign currency. The major currency exposure for the company is USD and Euro. The company generally does currency hedging for 6 to 18 months and up to the extent of 50% to 75% of its net foreign exchange earnings. It mainly uses forward exchange contracts 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, and it has seven production units. Considering the nature of the product usage and application, and consequent impacts, APL is required to comply with various 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 have an impact on the operations of the company. 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 is strong marked by healthy cash accruals of over ₹1,250 crore in FY26 against nil term loan repayment. Operating cycle stood at 156 days as on March 31, 2026, consisting of 101 days for receivables, 101 days for inventory with 45 days of payment period. The extended operating cycle is due to high inventory days, as the company holds extra stock of raw materials and finished goods to meet the supply needs of various regions, and the credit terms offered to clients. At consolidated level, the company has cash and cash equivalent to the tune of ~ ₹665 crore. The company only utilises non-fund-based limit, which stood at 21% for the past 12 months ending May 2026. With overall gearing at 0.06x as on March 31, 2026, and with the unutilised lines providing the additional cushion and cash accruals estimated to be about over ₹1,250 crore going forward, CareEdge Ratings expects APL to have comfortable liquidity position.

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 & 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 & 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 a company's future approvals from regulators, such as USFDA.

In FY26, APL continued to strengthen its environmental sustainability efforts through a range of initiatives focused on energy efficiency, renewable energy, water conservation, waste management, and resource optimisation. The company expanded its renewable energy footprint by installing an additional 3.8-MW solar power unit, taking its total solar capacity to 16.6 MW, and commissioned biomass boilers at its Dahej and Paithan facilities, with another under installation at Guwahati. To further reduce energy consumption, energy-saving practices were standardised across sites, supported by real-time energy management systems and energy-efficient procurement standards for new projects. On the water stewardship front, APL upgraded effluent treatment plants (ETPs) and sewage treatment plants (STPs) at four major sites with full automation, achieved zero liquid discharge (ZLD) across operations through 100% wastewater recycling and reuse, and implemented a water conservation project with an annual saving potential of 1.5 lakh KL. The company also advanced its circular economy objectives by transitioning hazardous waste disposal entirely to co-processing in cement kilns, eliminating reliance on landfills. Additional sustainability measures included significant investments in energy conservation infrastructure, reduction of plastic usage through optimized packaging and a shift from high-density polyethylene (HDPE) drums to sustainable fibre containers, and adoption of aqueous tablet coating for selected products, enhancing material efficiency while reducing solvent consumption.

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

Macroeconomic indicator	Sector	Industry	Basic industry
Healthcare	Healthcare	Pharmaceuticals & Biotechnology	Pharmaceuticals

Incorporated in 1979, APL is into branded generics in India, Asia, and Africa and US generics and Africa institutional sales. APL is spearheaded by Mannalal B. Agrawal (Chairman), Madhusudan Agrawal (Vice Chairman), Yogesh M. Agrawal (Managing Director), and Rajesh M Agrawal (Jt. Managing Director). APL's manufacturing operations are spread across seven manufacturing plants, out of which two are USFDA 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 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 Financials (₹ crore)	March 31, 2025 (A)	March 31, 2026 (A)	Q1FY27
Total operating income	4,355.00	4,945.58	1626.00
PBILDT*	1,250.75	1,402.56	494.48
Profit after tax (PAT)	916.89	946.82	334.22
Overall gearing (x)	0.01	0.01	-
Interest coverage (x)	271.90	541.53	-

A: Audited; UA: Unaudited; Note: these are latest available financial results
*PBILDT: Profit before interest, lease, depreciation and tax

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

For complexity level of instruments rated refer to Annexure-1

Lender details: Annexure-4

Disclosure on facilities/instruments and name of the regulators:
A list of facilities / instruments falling under the purview of various financial sector regulators (FSRs) along with the names of respective FSRs has been duly disclosed by CareEdge Ratings on its website. A link to the same has been provided below for ready reference:

https://www.careratings.com/activities_and_regulators

Note: For facilities or instruments falling under the purview of FSRs other than Securities and Exchange Board of India (SEBI), the grievance / dispute redressal mechanisms and investor protection mechanisms provided by SEBI shall not be available.

Annexure-1: Details of facilities

Name of the Instrument	Name of the Regulator	Complexity Level	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	RBI	Simple	-		-	-	62.50	CARE AA+; Stable / CARE A1+
Fund-based/Non-fund-based-LT/ST	RBI	Simple	-		-	-	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 2026-2027	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
1	Fund-based/Non-fund-based-LT/ST	LT/ST	62.50	CARE AA+; Stable / CARE A1+	-	1)CARE AA+; Stable / CARE A1+ (25-Aug-25)	1)CARE AA+; Stable / CARE A1+ (29-Aug-24)	1)CARE AA; Stable / CARE A1+ (12-Sep-23)
2	Fund-based/Non-fund-based-LT/ST	LT/ST	10.00	CARE AA+; Stable / CARE A1+	-	1)CARE AA+; Stable / CARE A1+ (25-Aug-25)	1)CARE AA+; Stable / CARE A1+ (29-Aug-24)	1)CARE AA; Stable / CARE A1+ (12-Sep-23)

LT/ST: Long term/Short term

Annexure-3: Detailed explanation of covenants of rated instruments/facilities: Not applicable

Annexure-4: Lender details

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

Annexure-5: 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
5	Ajanta Pharma Ireland Ltd.	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.

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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

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