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Ajanta Pharma sets aside ₹1K crore for acquisitions to plug therapy gaps

Pain management, dermatology, nephrology and gynaecology are emerging as key focus areas

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Ajanta Pharma Joint MD Rajesh Agrawal and MD Yogesh Agrawal

Ajanta Pharma has earmarked over Rs 1,000 crore for inorganic opportunities as it looks to plug gaps in select therapy areas, even as the company sharpens its growth focus on India and emerging markets, Rajesh Agrawal, joint managing director, Ajanta Pharma, said.

The acquisition war chest will be deployed largely towards brand and portfolio acquisitions, rather than manufacturing assets, with dermatology, pain management, nephrology and gynaecology emerging as key focus areas. "We are looking at inorganic opportunities, but we are not desperate. "This will largely be for therapy entry or for strengthening portfolios where gaps exist."

Ajanta recently entered nephrology and gynaecology, and sees meaningful scope for consolidation-led growth in these segments. Manufacturing acquisitions, however, remain firmly off the table.

According to Motilal Oswal Research, Ajanta's balance sheet strength provides ample headroom for acquisitions, with the company in a net cash position and consistently generating strong operating cash flows. The company posted revenue of Rs 4,648 crore in FY25 with an Ebitda of Rs 1,259 crore. Q2FY26 net revenue was Rs 1,353 crore with Ebitda of Rs 327 crore. Net cash on the books is around Rs 400 crore after the payment of Rs 350 crore in dividend in November 2025.

At the core of Ajanta's strategy remains its branded generics business, spanning India, Asia and Africa. The company files around 150–200 product registrations annually across India and emerging markets, translating into roughly 120–150 approvals each year as filings mature across staggered regulatory timelines.
Yogesh Agrawal, managing director, said Ajanta's growth model rests on three levers: adding new products, increasing doctor reach, and expanding existing products into additional specialties to unlock latent demand. "The same product, when expanded to different specialties/markets, automatically increases the addressable market. That is a big growth driver," he said.

Brokerage analyses underline that Ajanta's India business continues to outperform the broader market. Nuvama Institutional Equities has highlighted that the company has consistently grown ahead of the Indian Pharmaceutical Market (IPM), aided by high specialist coverage in cardiology, dermatology and ophthalmology, where doctor reach already exceeds 80–90 per cent in several segments.
In Africa and Asia, Ajanta sees durable long-term potential despite near-term challenges. The company's market share in African markets averages 3.5–4 per cent. "We operate at the higher end of quality. That makes entry tougher, but that is also where the opportunity lies," Yogesh Agrawal said.

Ajanta has no immediate plans to set up manufacturing facilities in Africa, despite policy nudges from some governments. "The infrastructure, manpower and raw material ecosystem is still not ready. Manufacturing there today will only increase costs," Yogesh Agrawal noted.
The US business, which contributes about one-fourth of revenues, remains strategically important but carefully calibrated. Ajanta restricts itself to 8–12 ANDA filings annually, focusing on niche products with limited competition. "We don't want to be in a crowd of 10–20 suppliers. Our idea is to be among three to five players, where market shares are meaningful," Yogesh Agrawal said, adding that nearly 40 per cent of Ajanta's US portfolio enjoys 30 per cent or higher market share.

With a focus on expanding its market reach, the company has gradually added around 1,700 medical representatives across India and the emerging markets over a three-year period, taking its total MR force to 5,680 in all branded markets as of H1FY26.

While manpower additions over the past few years, particularly across sales, marketing and specialty coverage, have weighed on near-term margins, management sees this as a deliberate investment phase aimed at sustaining long-term growth. Ajanta Pharma stock is down 12.5 per cent YTD FY26, and around 7.8 per cent in the last one year on the BSE.

“People have to appreciate that we are investing for the future. When we add people today, it takes one to two years before they start repaying us. That investment hits the P&L because it is revenue expenditure, not something we can capitalise. The P&L gets impacted, even though we continue to be among the best on Ebitda margins in the industry,” Yogesh Agrawal said.

According to Axis Capital, Ajanta’s strong compliance track record, steady US execution and absence of regulatory disruptions have helped cushion earnings despite industry-wide pricing pressure.

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