



A CSR Initiative



JAGSONPAL PHARMACEUTICALS LIMITED

Corporate Office: Nimai Tower, 3rd Floor, Plot No. 412-415, Phase-IV, Udyog Vihar, Gurugram -122015, Haryana (India)

May 13, 2025

The Department of Corporate Services- Listing BSE Ltd, Phiroze Jeejeebhoy Towers, Dalal Street Mumbai-400 001 Scrip Code: 507789	The Department of Corporate Services- Listing National Stock Exchange of India Ltd Exchange Plaza, C-1, Block G, Bandra Kurla Complex, Bandra (E) Mumbai – 400 051 Symbol: JAGSNPHARM
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**Subject: Earnings Call Transcript for Jagsonpal Pharmaceuticals Limited Q4FY25
Earnings Conference Call held on May 7, 2025 at 4:00 PM.**

Dear Sir/ Madam,

Pursuant to Regulation 30 of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, please find enclosed transcript for the Jagsonpal Pharmaceuticals Limited Q4FY25 Earnings Conference Call held on Wednesday, May 7, 2025 at 4:00 PM for discussion of Q4FY25 Financial Results.

The same is also uploaded on Company's website.

We request you to take the same on record.

Thanking you,

For **Jagsonpal Pharmaceuticals Limited**

**PRATHAM
RAWAL**

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“Jagsonpal Pharmaceuticals Limited
Q4 FY '25 Earnings Conference Call”
May 07, 2025



**MANAGEMENT: MR. MANISH GUPTA – MANAGING DIRECTOR –
JAGSONPAL PHARMACEUTICALS LIMITED
MR. SACHIN JAIN – CHIEF FINANCIAL OFFICER –
JAGSONPAL PHARMACEUTICALS LIMITED**

MODERATOR: MS. SOUMYA – GO INDIA ADVISORS



Moderator:

Ladies and gentlemen, good day and welcome to the Q4 and FY '25 Earnings Conference Call of Jagsonpal Pharmaceuticals Limited, hosted by Go India Advisors. As a reminder, all participant lines will be in the listen-only mode, and there will be an opportunity for you to ask questions after the presentation concludes. Should you need assistance during the conference call, please signal an operator by pressing a star, then zero on your touchtone phone. Please note that this conference is being recorded.

I now hand the conference over to Ms. Soumya from Go India Advisors. Thank you and over to you, ma'am.

Soumya:

Good evening everyone and welcome to the Q4 and FY '25 earnings call of Jagsonpal Pharmaceuticals Limited. We have on call with us, representing Jagsonpal, Mr. Manish Gupta, Managing Director, and Mr. Sachin Jain, CFO. We must remind you that discussion on today's call may include certain forward-looking statements and must be therefore viewed in conjunction with the risks pertaining to the business.

May I now request the management to take us through the financial and business outlook, subsequent to which we will open the floor to Q&A. Thank you and over to you, sir.

Manish Gupta:

Thank you, Soumya, and good evening to all. Thank you for joining us in this earnings call of Jagsonpal Pharmaceuticals Limited. We are pleased to welcome you all as we share company's progress and discuss our growth strategy. I must also apologize to keep you waiting for a couple of minutes. That was simply because of the technical time it took to log you all in into the system. Systems have been running a bit slow, unfortunately.

We appreciate your interest in JPL or Jagsonpal and your continued support as we navigate through this pivotal phase in our growth journey. We continue to be on a science-based approach with disciplined execution, backed by opportunistic inorganic strategies to create a stronger domestic pharma business.

At the outset, I'm pleased to introduce Mr. Sachin Jain, our new CFO, who has joined us in February 2025. Sachin is a Chartered Accountant and an MBA in Finance, and he brings in over 23 years of experience across multiple sectors. His financial achievement is already contributing meaningfully to Jagsonpal's growth and efficiency.

I'm sure you would have all gone through the press release, the financials, and the investor presentation issued by us yesterday on our Q4 and FY '25 results. Our various strategic initiatives undertaken in the last few years are already reflecting positively in the financial performance, as also improving capital efficiency.

As you may be aware, Jagsonpal saw a new strategic direction in June 2022, with Infinity Holdings acquiring a significant 43.3% stake and joining as a promoter group of the company. I joined Jagsonpal sometime in July 2022, and it has been a phenomenal journey for me and the organization since then.

I take this opportunity to summarize this three-year journey of an ongoing transformation of nearly a 40-year-old family business to now a nimbler, aggressive, and more disciplined

execution business under the oversight of a strong and independent board, as well as a strong framework of governance. The transformation had multiple significant positive outcomes, as also its share of challenges.

Looking back, Jagsonpal's business in FY '22 was a low-growth, low-margin business with significant working capital requirements at almost 60 days of sales. On a positive side, the company had a good franchise of brands, especially amongst Gynaes and Orthos, and was a debt-free company with about INR76 crores of cash and investments at that point of time.

We had started off riding on the success of our Dydrogesterone franchise, which held great promise of growth at that time. In fact, it became our largest product in no time. The initial focus was also on improving the business characteristics, i.e., the quality of business in terms of hygiene and profitability.

Overall, I believe, there has been one area where we have fallen short of our objectives, which is organic growth. We certainly did not anticipate the emerging competitive intensity in the Dydrogesterone franchise, which hit us hard in FY '24. Coupled with the counterfeit product availability in Indomethacin the same year, it pulled down our performance for that year. I believe these learnings have made us stronger and a more resilient organization, which is also reflective in our strong recovery in FY'25.

Other than that, I believe we have made great progress in all our other objectives. Today, JPL has among the best operating matrices amongst peers of its size, with operating margins in excess of 21%, working capital at 13 days or 3.5% of sales, and cash balance in excess of INR145 crores. This is after concluding an investment of close to INR93 crores in an acquisition, as also higher dividend payouts in the last two years.

Further, we now have a demonstrable strength of integration and value creation through acquisitions. We also have a more refined business model, which is balancing execution discipline with a growing pipeline of high potential products.

Overall, this three-year transformation is visible in all our operating matrices. Sales have grown at 23% in the period, while the operating EBITDA has risen by 131%, with a margin expansion of 1000 basis points. Our PAT has nearly doubled, with PAT margins expansion by 550 basis points. Cash and cash equivalent has surged 91%, underlying a robust financial foundation.

Overall, we have generated over INR161 crores of free cash in the last three years, which is more than our operating EBITDA combined for this period, as almost INR24 crores came out of working capital reduction.

FY '25 marks the company's boldest year yet. On May 16, 2024, Jagsonpal signed a business transfer agreement to acquire the India and Bhutan business of Yash Pharma. This acquisition expanded our therapeutic coverage, providing us access to emerging segments of Derma and Pedia. It also strengthened our reach in the western and eastern parts of the country, as also expanded the doctor reach by 50%. Further, we divested our Faridabad facility in Q3 for INR41 crores, thereby enhancing growth capital and operational flexibility.

In December, Jagsonpal also achieved a key milestone as Indocap became our first INR50 crores brand. As we speak, we just strengthened our franchise with the launch of Indocap P, a potent fixed-dose combination of Indomethacin-25MG with Paracetamol-325MG, offering enhanced analgesia with reduced side effects.

Operationally, we had our best year with revenue growth of 29% and a 59% increase in our operating EBITDA. Sachin shall of course delve deeper and provide deeper insight into our financial performance for the year. Amongst other updates, I wish to inform that we had to terminate our agreement with Resilient to acquire their business in India. This decision was taken due to inability of sellers to conclude certain critical CPs for the transaction. This decision has no material impact on the company.

We also welcomed Pratham Rawal, an experienced professional with around 6 years of experience in corporate secretarial and compliance functions. I wish him all the very best and a companionship that will together help the company grow and strengthen values.

Looking ahead, we remain focused on our three-pronged strategy, driving growth through new product launches, optimized pricing and volume expansion, complemented by inorganic opportunities in key therapies and our wider geographic reach. Amid evolving market dynamics and global trends, we expect to achieve 15% plus revenue growth in the current year, with a higher growth in our operating profits with improved margins.

Beyond FY26, we continue to maintain our earlier guidance of revenue growth of 12%-14%, with a potential 100-150 bps margin improvement year-on-year. I now request our CFO, Sachin Jain to take over the conversation and provide his more comprehensive introduction, as well as financial updates.

Sachin Jain:

Thank you Manish and good evening everyone. It's a privilege to address you all as I begin my journey with Jagsonpal. The company is continuously demonstrating strong financial momentum and strategic clarity.

Giving a very brief introduction about myself, I started my professional journey 23 years back after completing my CA and started with a manufacturing company and my last assignment was with the Club One Air, backed by UFLEX, a pioneer in the packaging industry at a global level. As Manish has told, I joined this company four months back in February 2025.

And coming to the financial results, we closed our quarter with a revenue of 586 million against last year's quarter of 435 million, a growth of 34.7% and in absolute numbers it is 151 million gross. Talking about the operational EBITDA, it's 97 million against last year of 49 million, a growth of 97%. In terms of margin, it is 15.6% against last year of 11.3%, a growth of 530 basis point.

Talking about the PAT, we closed the quarter with a PAT of 66 million against 35 million last year, which is a growth of 88.5%. And in terms of the margin, PAT margin, it's 11.2% against last year of 8.2%. Talking about the full year financial result, we closed the year with a revenue of 2,687 million against last year of 2,087, which is a growth of 28.8%. And the official EBITDA was 579 million against last year of 364 million, an increase of 59%. And if I talk about the

PAT, we closed the year with a PAT of 554 million against the last year of 225 million. And the margins are 20.6% and last year it was 10.8%, a growth of 320 basis point.

Our focus remained on the growth and we closed the year. And the operating PAT after adjusting the exceptional item is, 375 million. And this exceptional item is towards the sale of Faridabad facility and certain expenses incurred for the acquisition of Yash Pharma. So the combined impact of the exceptional item was 197 billion as an income. And we closed the year with a cash balance of 145 crores.

And now I open the floor for the questions.

Moderator: We will now begin the question and answer session. The first question is from the line of Ankur Bhadekar from ULJK Financial Services. Please go ahead.

Ankur Bhadekar: Yes, thanks for the opportunity. And congratulations on the good set of numbers. So a couple of questions from my side. My first question is that the Indocap brand has shown like strong growth, but Divatrone has declined by 26%. So could you provide an update on how the Divatrone market is currently shaping up? And also when do you expect it to stabilize and return to a growth trajectory? And when can we anticipate a recovery?

Manish Gupta: Can you complete all your questions before we respond?

Ankur Bhadekar: Yes. So my second question is that you mentioned that you will be launching four to six new products annually. So what would be the nature of these upcoming launches? And will there be primarily extensions of existing brands or entirely new molecules? These were the two questions.

Manish Gupta: Yes, thank you, Ankur. So let me first respond to your first question, which was pertaining to Divatrone or Dydrogesterone. Clearly, that market has undergone significant transition in the last three years. While the molecule has grown, so has the competitive intensity. And we had at one point of time close to 100 competitors in that market.

The growth of that molecule thereby stopped. So, of course, it grew to about INR1,000 crores molecule as per IQVIA. But given the competitive intensity, it became a push molecule rather than a pull molecule at the doctor level. From our perspective, at one point of time, this Dydrogesterone franchise was the largest and close to INR40 crores in terms of internal revenue.

Both the competitive intensity and wherein there was a lot of push and as I said, there was very little pull element, we took a backseat as far as this molecule is concerned and it has dropped by almost 75% for us. Our business is now stable, but at a much lower level and less than INR10 crores or about INR1 crores a month.

We believe we'll be back on road track as far as this molecule is concerned from this year, but it will no longer be as relevant as it was in the past. That's point number one, as far as Divatrone is concerned.

Your other question was on new product strategy. Clearly, while I cannot disclose too much about it, JPL strength is doing well in niche smaller molecules. Divatrone or Dydrogesterone was one exception in that. So we will be sticking back to our basics, which is picking up niche areas and taking a more meaningful share in those molecules.

About half of our new launches would be brand extensions and half would be totally new product concepts. At this point of time, that's what I can reveal as far as our new product strategy is concerned.

So you would have noticed that in the last 12 months, more or less, the strategy has played out. We became the first company to launch a post-menopausal product in the country. We also launched Queezy ER, which was ER version for morning sickness. In fact, the product just got a patent for the CMO that supplies us the product. So these are really the strategies that we have used.

And at the same time, the expansion strategy, which I was just mentioning, our Indocap P, which is a combination of Indomethacin and Paracetamol is a brand expansion strategy that I just highlighted. So that will continue to be broad strategy as far as the company is concerned. Does that answer, Ankur?

Ankur Bhadekar:

Yes, sir. And one more question about the therapeutic revenue mix between gynae, ortho, derma and pediatrics in your portfolio, like what does the current mix look like for FY '25 and how do you see it evolving with the addition of Yash Pharma? So do you expect the contribution from derma and pediatrics to increase given that most of Yash Pharma's products are mass market, if I'm not mistaken?

Manish Gupta:

That's correct. So the product mix has already changed. Till last year, our therapeutic presence was almost 60% in gynae and about 30% in ortho. So that was our product mix. As we speak, Gynae now is about 50%. We still continue to be a gynae-dominated company. So we are 50% in gynae with the rest of the other three therapeutic segments contributing about 15% each.

Ankur Bhadekar:

Okay. And lastly, historically, if we check, Q4 has always been weaker as compared to the other quarters. So is there a specific reason for this? Is it due to any seasonality in the nature of the business?

Manish Gupta:

Yes and no. There's very little seasonality, but the stockist purchases come down in Q4. So Q4 is always weaker for us as also for others who are in domestic markets. Now why it does not reflect so strongly in other companies is because they are both in India and outside India. And generally, in businesses outside India, the Q4 is the strongest. So therefore, it gets balanced in other companies.

JPL is purely a domestic pharma-focused company. Therefore, our Q4 continues to be always weaker than the rest of the three quarters. It's a bit of seasonality, but more importantly, I think the purchasing behaviors of stockists who do not tend to pick up much quantity in March.

Moderator:

The next question is from the line of Aditya Chheda from InCred Asset Management.

Aditya Chheda: Can you break down the revenue in organic and inorganic? And also for organic, can you break it down into volume, price and new product for FY '25?

Manish Gupta: Let me respond to the extent I can. So clearly, the first part of your question, breaking into organic and inorganic, I have a very clear answer. 8% of our growth is organic growth and the rest is inorganic. So while we have reflected a 28% growth during the year, 8% of that has come from organic. However, what is very important to note is this growth was 1% in H1, which has increased to 15% in H2.

Clearly, the change of strategies that we had adopted from second half of previous year in FY '24 has started reflecting in faster growth. H1 was lower growth because that's where we bore the brunt of Divatrone or Dydrogesterone franchisee coming down to a new level of business. So clearly going forward, that's why we are guiding towards the 15% growth in the current year as well.

Now, coming to your second part of question, it is a very difficult question simply because the product mix keeps changing and it has changed dramatically, especially because of Yash Pharma acquisition. Largely, our majority growth would have come from price increases and/or new product introductions. Our volumes in last 12 months would have been flat and that is because of the drop in Dydrogesterone, I would say.

So whatever volume increases would have occurred in other products would have been compensated by the loss in volume of Dydrogesterone.

Aditya Chheda: Got it. And the outlook that is shared for growth is all a function of organic outlook that you are looking forward to, right?

Manish Gupta: That's true. Excepting for a small, because Yash Pharma business was there for 10 months last year versus 12 months, which it will be for this year, everything else is organic growth. We cannot -- we can never kind of estimate what will happen inorganically. So we do not build it in our forecast or guidance.

Aditya Chheda: Got it. And the last question is on the slide on networking capital where it has come down to almost 3.5% of sales. Can you talk more about the initiatives that were taken forward and how do you see the outlook for the networking capital days or as a percentage of sales going forward? Thanks. These are the questions. Thank you so much.

Manish Gupta: Very, very, valuable question because this is something that we pride ourselves in. All we manage our working capital very efficiently. So clearly it was a function of two things. We reduced our receivables in the market through tighter controls. We are now a very disciplined company. Every order is backed by check and we En-Cash checks well on time. So our practices in the marketplace are aligned with the best in the industry and therefore our receivables in the marketplace are not more than 15 days of sales. That is one part of it.

The second part of it came out of reduction in our inventories. From better forecasting, planning and management. That is again something which we have been able to bring down considerably in terms of days of sales. And so these are two areas wherein we could bring down our working

capital significantly. However, on the other side, creditors have also come down. Okay. So earlier we never paid our creditors or vendors on time. But for last 18 months, every vendor is paid on the due date, which is a principle that we have adopted in our company. And in spite of that, our working capital has come down.

So great, I think, hygiene, the way we conduct business internally, as well as how we treat our vendors. That has, of course, facilitated some of our cost reductions, which is also reflected in improved gross margins in the business. So -- and if you were to ask us going forward, I think most of the low-hanging fruits around working capital are now there in place.

Reducing it below 3% is going to be not really much different from where we are today. So that phase is over. In last 3 years, we have extracted almost INR24 crores from our working capital. I don't foresee much extraction going forward.

Aditya Chheda: Got it, sir. Thank you for your time.

Moderator: Thank you. Ladies and gentlemen, if you wish to ask a question, you may press star and one. The next question is from the line of Subrata Sarkar from Mount Intra Finance. Please go ahead.

Subrata Sarkar: Yes. So I have one simple question, sir. Like, what is the, like, on-field manpower that we have added in the last 1 year? And what is the productivity of this MR basically? So if you can highlight, like last prior to 1 year, what was the average productivity? And right now, what is the average productivity? And what is our intention or target or let's say goal, like in terms of average productivity, where we want to reach? market conditions, industry average.

Manish Gupta: Yes. Thanks, Subrata. That's really a good question. So basically, our current medical rep strength would be about 1,000 in the field force, give or take 10 or 20 or numbers here and there. We have not really changed our field force strength, excepting for the acquisition that we did. So obviously, new field force came in with about 250 reps through Yash Pharma acquisition.

MR productivity, as we speak, is in the region of INR2 to INR2.1 lakhs PCPM or per capita per month. And the 8% growth that we are talking of actually has come from increased MR productivity. Is there a scope of doing this? Answer is yes. So I don't foresee us increasing our field force strength over the next 2 to 3 years. Clearly, there is the ability to increase this field force productivity by at least 50%. And that's what we are aspiring or working on. So does that answer your question?

Subrata Sarkar: Yes, sir. But do we have any like, like I know generally industry average is a little bit higher. So, like where do we want to reach there as such? And do we have any target on that? Not maybe in specific numbers, but at least some ballpark.

Manish Gupta: So I must admit that our PCPM will always be a bit lower than the industry or big -- big leaders average. The reason is that we are in sub chronic segments and not in chronic segments. And most of our products are high intervention products in gynecology. So they support pregnancies. They're not general offtake products, as most or many companies have. So these are highly prescription driven products. So productivity is going to be little lower than where many good

companies will be. But our aspiration will be to take this which is currently about INR2 to INR2.1 lakh PCPM to between INR3 to INR3.5 lakhs PCPM over next 3 to 4 years.

Subrata Sarkar: Okay. So now, another two question one is, can you like in your slide you have shared, but even still if you can explain like, why we called off the Resilient acquisition basically?

Manish Gupta: Yes, so there were certain conditions precedence to the transaction. Largely, these were related to certain challenges around the key trademarks. Fundamentally, when you buy a business in India, you're buying trademarks and the field force. And the valuable thing there is trademarks. A couple of trademarks had certain CPs because they had to get them corrected. That was something they were unable to do within the timelines, which we had forecasted. And that was the reason why both the companies mutually decided to terminate that contract.

Subrata Sarkar: Okay. Last question, more of a from a strategic point of view, since the last like, around 50% of our business comes from a particular therapeutic segment. And like, as you told, we don't have much intention to increase our strength in next two years, isn't it? And we have cash in our books. So isn't it a better like from a strategic point of view, isn't it a better opportunity or option for us?

Rather than acquiring a new company, if we go for a particular brand in our strength therapeutic area, if a few brands are available in gynecology area. And if we can add them like by one or two, and then like add up to use our sales force to ramp it up, isn't it a better opportunity or utilization of our strengths?

Manish Gupta: Absolutely right. You're bang on. Clearly, our first intent is to ideally acquire something which can which fits our strategy in the therapeutic areas that we are present. Having said that, the constraint there is, A, transactions are limited. And B, the asking prices are very, very high. I mean, recent brand acquisitions have been in the region of eight to 10 times scale. And sometimes it becomes very difficult to compete at those levels of valuation. So strategically, you're absolutely right. Our preferred approach would be brand acquisitions over business acquisition, but at valuations which suits us.

Moderator: The next question is from the line of Majid Ahamed from TradeWalk Research.

Majid Ahamed: My first question, sir, is that the major tablets like Indocap and Divertron tablets that are there, but there are a lot of small players who are giving at a more affordable rate. How are we going to position our brand or how are we going to do this? Any sort of strategy that you're looking at? That's my first question.

Manish Gupta: Okay. And what is your next? If you can ask all your questions in one shot and then we can respond.

Majid Ahamed: Okay. Sir my second question is, sir, going forward, what type of capex that you're looking to do with your cash? Like some sort of understanding that going forward, what is your capex plans going forward?

Manish Gupta:

So let me first take the first part of the question. See, India is a complex market. And in a way, there are price points, different price points for every product based on customer or consumers. Okay. So every product, Indomethacin or Dydrogesterone or any other molecule, there will be products available at higher price, and there will be products available at lower price. And there will be, in fact, products available at virtually no price, which is generous. Okay. So it finally boils down to the quality of doctors and quality of patients you cater to. Okay.

So every company has its own strategy on where they target themselves. And that's how pricing decisions are taken. And you create your own niche in the doctor's chamber. Jagsonpal is focused on specialists. And therefore, we are comparatively mid to higher price brand in the doctor's chamber. And all our sales happen to prescriptions. So when a doctor prescribes a brand, generally, especially in the areas we are in, they're less likely to be substituted. So it's a matter of strategy on where you want to price your product. And generally, you tend to have a consistent strategy.

So you can't have one product high price and one product low price. Generally, that doesn't work. JPL, our prices will be generally on the higher bracket. Your second question was around capex. If you notice, we follow an asset light model. We are purely in India. And therefore, all our products for India are using CMOs, which have plenty in this country. We do not have really any capex plan. Our only investment is in computer infrastructure, the laptops and all that we have in offices and in some select field force locations.

Investment or real use of cash is going to be only for acquisitions, which could be for brand acquisition and or business acquisition. If we do not find any good targets in the next couple of years, of course, this cash belongs to the shareholders. And we would be rather returning this cash in an appropriate form to the shareholders rather than doing anything not in line with our strategy.

Moderator:

Thank you. The next question is from the line of Hardik Upadhyay an Investor. Please go ahead.

Hardik Upadhyay:

I have two questions. First is whether the company is planning to enter any regulatory market? And other question is what is the current capacity utilization?

Management:

So clearly, we are a pure domestic market focused organization. We do not have any strategic intent to enter into either regulated or unregulated markets outside India. So it doesn't really matter. We have no intent to get into anything outside India. That is response to question one. Coming to your second question, which was pertaining to capacity utilization. Clearly, again, as we follow an asset light model, we do not have any own manufacturing. That is also one of the reasons of staying focused in India. So capacity is not a matter of utilization for us.

On the other hand really our valuable resource is the medical rep. And that's where I would say we are currently operating at about two-third of the potential of the medical rep. So our PCPM of a medical rep is about 2 lakhs. As I mentioned in one of the previous questions, we clearly see a headroom to grow by 50% there.

Hardik Upadhyay:

Okay. Thank you.

Moderator: Thank you. The next question is from the line of Amayra Shah an Individual Investor. Please go ahead.

Amayra Shah: Yes. So I have two questions. So firstly in the present scenario, how is the company strategically positioning itself to maintain its market share? And second question is what like is there any steps being taken by the company to mitigate the current pricing pressures?

Manish Gupta: Current pricing pressures. We don't see any pricing challenges at all in India, because that pricing pressure that you're referring to a competitive intensity that you're referring to is more outside India, which are unbranded generic markets or generic-generic markets. India is a branded generic market. While there are different price points, companies have their own strategy in terms of their presence in doctor's chamber and they have the price point accordingly.

So there are low price companies, there are mid price companies and there are high price companies. We fall somewhere in between the second and the third round in the sense between mid price to high price. So we, our prices generally tend to go up. We don't reduce our prices. Having said that our value proposition to the doctor is around science. And that's an area we keep working on how do we keep adding to the science around both the molecule and also around the doctor practice because doctor needs to be updated on latest trends.

That's a knowledge thing that we keep providing to doctors. And, of course, bringing in certain unique products which are useful for the patient and thereby the doctor practice. So that's fundamentally a business policy. That's the way we conduct business. Pricing does not change for us.

Amayra Shah: Okay. Thank you.

Moderator: Thank you. The next question is from the line of Jatin, an Individual Investor. Please go ahead.

Jatin: Yes, good evening Manish. A couple of questions. One, when you mentioned Q4 is perhaps a leaner quarter due to stockiest pharmacy stocking behavior, but other than that in Q4, was it up to your expectations? I mean, of course, we had year-on-year growth. But by and large, I mean, it would be good to hear your views on how Q4 was. And if there is some stocking issues in Q4 seasonality, does it translate into an increased sales in Q1. Historically, that is question one.

And second, in terms of inorganic acquisitions you mentioned reasonably priced acquisitions are a bit we will share in this market. So from that angle, how do you see this resilient thing being called off in terms of impacting the growth plans of Jagsonpal?

Manish Gupta: So coming to your first question. Yes, Q4 is slightly milder and Q1 is to that extent slightly better. So that is certainly the case. Q2 and Q3 are best in terms of seasonality. So you'll see typically Q1, Q2, Q3 are better for the domestic pharma industry versus Q4. Q1 on account of, I mean, stock is not buying in March and they end up picking larger volumes in April. And Q2, Q3, because of seasonality of some products because those are the periods when people tend to become unwell more than regularly. Q4 being the weakest. So that's the trend.

And this is common for most companies. If you look at the historical Jagsonpal portfolio, given that we are more Gyne and a bit of Ortho, Gyne there is no seasonality, Ortho there is some seasonality, especially for winters. Yash Pharma is, of course, a very, the business that we acquired from Yash Pharma is of course a little different animal in that sense, because Yash Pharma is Derma and Pedia. Pedia has stronger demand in Q3 and Q4, while Derma has stronger demand in Q1 and Q2. So Derma is summer oriented, because that's when you have fungal infections and whatnot, when it is too hot. And Pedia is winter oriented, because that's when again coughs cold and all the kids get sick.

So now our business is a little more curious mix as compared to what it was prior to Yash Pharma acquisition. That is point one. Your second question pertaining to acquisition strategy, I don't have an answer per se. Yes, clearly it is expensive. So we keep trying to balance in terms of pricing. For Resilient transaction, while it would have been a good to have transaction, but it was not a need to have transaction.

So therefore, strategically, it had its importance. It came to us at a fair price, but you cannot compromise on brands, right? So if the brand is under certain dispute, which is unable to be resolved, there is no point of buying a business.

So that's why we walked out of that or we kind of mutually terminated that transaction. So that's it, it doesn't really bother us. It was a small transaction. It would have been useful, certainly, but nothing that derails our strategy and our business.

Jatin: Okay, I understood Manish. Thank you and all the best for FY26.

Moderator: Thank you. The next question is from the line of Majid Ahamed from TradeWalk Research. Please go ahead.

Majid Ahamed: Sir, my last question that is for doing modeling or understanding business even better, like what type of KPIs can we track going for the company?

Manish Gupta: Ours is a very simple business because we don't have too many moving parts in our business. So it's all about tracking growth. And I think there was one question, I think Jatin, you had asked and I missed out in that and that will partly answer your question also.

So Jatin, you had asked whether we are satisfied with the growth objectives that we delivered in Q4 or even maybe full year. So as I mentioned in my opening remark, that is, there's only one area where I feel a bit disappointed in my last 3 year journey, which is organic growth. If you take our last three years of growth, it is only about seven to 8% year on year.

Even this year, the organic growth was 8%. That is something certainly below our expectation. Are we growing? Answer is yes. Are we growing as much as we would like to? The answer is no.

And it's not for want of efforts, but it's something or the other keeps happening and that has kind of reduced our growth rates. We hope to be back on faster growth from this year onwards. So Majid, now partly responding to your question in that, for us, for you to model us out, it's all about growth.

Because rest is a flow through. We are very confident. A difference in our P&L would be whether we are able to grow 8%, 12% or 15%. That will dramatically or reasonably alter our profitability profile, because most of our costs are fixed costs. So other than costs, we are about a 65% margin gross-margin business. But between gross-margin to EBITDA, I would say 95% of our costs are fixed costs.

So if we grow at 15%, if we are able to demonstrate that growth rate, certainly that's our aspirational target internally. Gross-margins will improve by 100 bps every year. And with operating costs not growing in line with that top-line growth, our operating margins will keep expanding.

So therefore, the easiest way to track our fundamental KPI that you should track is growth. Moment we are in double-digit, I think, or little more than double-digit, 12% to 15%, our operational profit will grow 25% plus, without any doubt.

Majid Ahamed: The thing is that there is more fixed costs and whatever additional revenue coming in, that will directly flow into the bottom?

Manish Gupta: That's fine. Because other than these, really, none of our fixed costs increase.

Majid Ahamed: Thank you.

Manish Gupta: Thank you, Majid.

Moderator: Thank you.

Manish Gupta: Can we now take last two questions before we conclude?

Moderator: Yes, sir. There are only two questions remaining. The next question is from the line of Praval Shah. Please go ahead.

Praval Shah: Yes. Great share of results. Also, wonderful insights onto the working capital management. But an observation on that, so since we have more cash and that cash doesn't find its way in building more plants and machinery, just a question, if you can help us understand, will we be amping up our R&D investments in order to go after truly differentiated, maybe first-to-file products and build that muscle slowly?

And maybe in therapies of our choice, in gynecology or maybe even in dermatology now, or are we steadfast in terms of acquiring other companies in an organic way or distributing the back to the shareholders? So, if you could just give a qualitative understanding of allocation of capital?

Manish Gupta: So, Praval, basically in India, there's nothing called first-to-file or anything, fundamentally. So, India is either a patent or a off-patent market, right? So, the moment the patent expires, then

there'll be 10 and even 100 companies in market. And you'll soon see it happening when the GLP-1 brands come in.

So, very little to differentiate or constraint supplies in India, because the moment patent is off, there is no other protection except in building your own brands. So, and also investing too much in R&D in India, because unless you develop absolutely new patentable products, otherwise, which is not something any company has been able to do for India or otherwise.

So, there's not really much you can spend on R&D as far as India businesses are concerned. You do spend on R&Ds in developing concepts, you do spend in terms of establishing efficacies and whatnot, but it is not really a new molecule development that you spend for India. So, having said that, therefore, come what may, a real capex, if any for us, can be only in acquisitions.

For us, acquisition is a matter of both opportunity and strategy, but disciplined execution is very, very critical, because going wrong on price is the easiest you can do, especially when you're sitting on surplus cash. So, to that extent, I must admit that our board is extremely disciplined and focused. So, even if I try, there's no way my board will allow me to splurge money in stupid acquisitions or overpriced acquisitions.

We are also very clear that if we do not find right targets, this money eventually belongs to shareholders. So, unless we can find something which adds value to our shareholders, it is better to return it rather than doing any acquisition for pride.

Praval Shah: Thank you for that. Thank you so much.

Moderator: Thank you. We'll take our last question. It's from the line of Aditya Chheda from InCred Asset Management. Please go ahead.

Aditya Chheda: Hi. Thank you for the follow-up. The question was on gross margin improvement that we saw this year. Can you attribute the factors behind that? Was it just product mix?

Management: No. So, it's always a mix of many things. One is product mix. We, of course, also rationalize and keep producing better procurement. As I mentioned, we pay on time, and therefore, we are able to extract better value from our vendors. We, of course, do take price increases wherever we can. So, it's a mix of all. Product mix, some cost reduction, and some price increase.

Aditya Chheda: Got it. And final clarification on the outlook side where we are referring to operating margins, that refers to the post-ESOP number or pre-ESOP number on the Slide?

Management: Actually, that refers to pre-ESOP numbers. Post-ESOP numbers automatically will improve because ESOP cost is continuously going down. And that's the way Black-Scholes model works. So, you take the largest hit in year one, and thereafter, it keeps going down. So, that's why all our guidance is always on pre-ESOP cost. Increasing post-ESOP EBITDA is very, very easy.

Aditya Chheda: Got it, sir. Thank you. All the best.

Moderator: Thank you. Ladies and gentlemen, that was the last question for today's conference call. I now hand the conference over to the management for closing comments.



Manish Gupta:

Thank you, all the participants, for your valuable questions as also engagement today. We appreciate your interest in Jagsonpal. Should you have any further questions or inquiries or additional information you may require, please do not hesitate to contact our Investor Relations team at Go India Advisors.

We remain committed to engaging with all of you, fostering transparent communication, as we also continue advancing our objectives of creating value for all our stakeholders. Thank you once again, and wishing you a great day ahead. Thank you.

Moderator:

Thank you. On behalf of Go India Advisors, that concludes this conference. Thank you for joining us, and you may now disconnect your lines. Thank you.