DALALBYTES RESEARCH

Jagsonpal

A PE Rebuild of a Womens Health Franchise

A 48-year-old branded formulations maker, rebuilt by private equity around power brands

NSE: JAGSNPHARM · BSE: 507789

October 20, 2026

Reference: Rs 217.67, NSE close of October 19, 2026.
Market cap about Rs 1,436 cr; 52-week range Rs 155.00 to Rs 264.50.
Founding story, brands, financials, competition, management, valuation vs peers, risks, and FY2029 scenarios.

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VERDICT

62 / 100 : Selective Positive

The business underneath is better than the growth rate on the label. Jagsonpal is a 48-year-old branded formulations company that private equity has spent four years professionalising: operating EBITDA has compounded at about 25% since FY22 to Rs 60.9 cr, operating PAT at about 24% to Rs 44.6 cr, free cash flow has risen about eightfold to Rs 61.4 cr, and the balance sheet carries about Rs 190.7 cr of cash against effectively no debt. Revenue, by contrast, compounded at only about 7% over the same period to Rs 287.2 cr. This is a margin and mix story first, and a growth story only if the acquisition engine delivers.

The engine is now the thesis. Three deals in 28 months define the next three years: Yash Pharma's India and Bhutan business for Rs 92.47 cr in May 2024 (dermatology and childcare, margins reportedly lifted from about 10% to about 22%), 85% of Aequitas Healthcare for Rs 20.8 cr in July 2026 (a hospital channel with Rs 53.3 cr of FY26 revenue and a management target of Rs 10 cr of EBITDA by Year 2), and Group Pharma's wellness portfolio for up to Rs 46.7 cr, closed on October 1, 2026 (Rs 24.6 cr of FY26 turnover, about half the price deferred and linked to FY28 sales). Each deal is small, cash-funded and structured with the seller keeping skin in the game. That is disciplined deal-making, and it still has to be integrated by a field force of about 1,000 representatives.

Why only Selective. At Rs 217.67 the stock trades at about 32x operating FY26 earnings and about 5.0x sales for a company whose organic revenue growth was 6.9% in FY26, whose top 10 brands are about 58% of revenue, and whose moat is prescriber habit rather than patents: both Divatrone and Indocap faced counterfeiting in FY25. Q1 FY27 was genuinely strong (revenue up 8.8%, operating EBITDA up about 21%, PAT up 22%), and the Rs 500 cr revenue ambition management cites is credible only with the deals annualising. The rating rewards the cash machine and the deal discipline, and charges for the price and the concentration.

Reference price: Rs 217.67 (NSE close, October 19, 2026, the last completed trading day before publication). Market cap about Rs 1,436 cr. 52-week range Rs 155.00 to Rs 264.50.

FY2029 targets: Bear Rs 150 / Base Rs 290 / Bull Rs 450. See Section 14 for assumptions.

1. SNAPSHOT

Item	Detail
Company	Jagsonpal Pharmaceuticals Ltd, Gurugram, India
Founded	1978 by Rajpal Singh Kochhar; roots traced by the company to 1964
Listed	NSE and BSE; face value Rs 2 after the 2024 split

Item	Detail
Business	Branded pharmaceutical formulations, India-focused, asset-light
Core therapies	Gynaecology about 50 to 55% of revenue; orthopaedics about 20 to 25%; dermatology about 10 to 15%; paediatrics about 12% (company and concall disclosures, DalalBytes estimates where ranges overlap)
Power brands	Indocap (first brand past Rs 50 cr), Divatrone, Maintane, Metadec, Lycored, Endoreg, Doxypal DR
FY26 revenue	Rs 287.2 cr (+6.9%); operating EBITDA Rs 60.9 cr (21.2%); operating PAT Rs 44.6 cr; reported PAT Rs 43.1 cr
Q1 FY27	Revenue Rs 82.2 cr (+8.8%); operating EBITDA about Rs 19.1 cr (23.2%); PAT Rs 13.2 cr (+22%)
Balance sheet	Cash about Rs 190.7 cr at March 2026 (about Rs 170 cr after the Q1 FY27 buyback and Aequitas); borrowings effectively nil
Promoters	68.82% (September 2026); pledging 0.00%
Reach	About 1,000 medical representatives, 18 stocking points, 1,200+ distributors, about 35,000 of 39,000 gynaecologists covered (company)

2. FOUNDING STORY: FROM A 1978 FAMILY FIRM TO A PE PLATFORM

A marketer's company from the start. Rajpal Singh Kochhar promoted Jagsonpal in August 1978. The model was never manufacturing scale: it was brands, doctors and distribution, with production substantially outsourced to third parties and loan licensees. Early alliances (Fidia of Italy, an Israeli tie-up for the antioxidant Lycored, the Lycopene product that still sits in the portfolio) show the pattern early: license or source the molecule, own the prescription relationship.

The brands compounded quietly for four decades. Maintane (hydroxyprogesterone caproate, for preventing premature labour) and Indocap (indomethacin, for pain) became fixtures in their niches. The company claims seventh rank in gynaecology and second in orthopaedics on covered-market measures, coverage of about 90% of India's gynaecologists, and more than 20 brands ranked in the top five of their molecule categories. Those are company claims, but the longevity of the franchises is not in dispute: they have survived forty years of generic competition.

The 2022 break. In 2022, Infinity Holdings, a Convergent Finance affiliate led by Harsha Raghavan, acquired a controlling stake (a transaction reported at about Rs 268 cr for control) and became joint promoter alongside the Kochhar family. Raghavan chairs the board; Manish Gupta is Managing Director. The board was reconstituted, the business was divisionalised in 2023 into Fembon (gynaecology), Boneva (orthopaedics) and Naari verticals, and a professional CFO function began publishing investor presentations,

holding concalls and reporting operating profit separately from treasury and one-off items. That disclosure upgrade is itself evidence: the FY26 presentation reconciles operating PAT of Rs 44.6 cr against reported PAT of Rs 43.1 cr and itemises the labour code charge.

What PE ownership changed operationally. Three things show in the numbers. Gross margin rose toward 64 to 65% as the mix shifted to semi-chronic therapies. Field productivity rose: Q1 FY27 growth was attributed by management to representative productivity, with revenue per representative climbing while headcount stayed near 1,000. And capital started moving: a Rs 110 per share scale dividend history gave way to a Rs 4 per share FY26 dividend (Rs 26.2 cr including a special dividend) plus a Rs 40 cr buyback at Rs 250 a share, about a 40% premium, subscribed 3.67 times, with promoters not participating.

3. WHAT THE COMPANY SELLS: FOUR THERAPY BLOCKS, TEN BRANDS THAT MATTER

Gynaecology, about half the business. The Fembon vertical sells hormonal and pregnancy-care products to obstetricians, gynaecologists and IVF specialists. Divatrone is dydrogesterone, the oral progesterone whose market opened when the innovator patent expired; Jagsonpal launched into a segment previously dominated by one global brand and built a top-tier position. Maintane is the injectable progesterone for high-risk pregnancies. Newer entries include MemUp (menopausal hormone therapy, launched Q1 FY25, still in education phase) and Endoreg. The therapy logic is semi-chronic: prescriptions repeat across a treatment course, which supports both margin and persistence.

Orthopaedics, about a fifth to a quarter. Boneva is led by Indocap, the company's first Rs 50 cr brand, used across menstrual, dental and arthritic pain, and Metadec (nandrolone decanoate) for postmenopausal osteoporosis. Pain is competitive and price-sensitive, but Indocap's brand equity among general practitioners and orthopaedic surgeons is decades old.

Dermatology and paediatrics, the bought-in third. The Yash Pharma portfolio (33 brands, including the Eukroma and Pru lines) brought dermatology and childcare in May 2024 with, the company stresses, zero product overlap. Derma coverage is still thin (about 40% of dermatologists, about 27% of paediatricians, per company disclosures), which is precisely the headroom management cites.

Concentration is the honest caveat. The top 10 brands contribute about 58% of revenue. Ten brand names carry a Rs 287 cr company. Launches run at one to two products a quarter, a useful offset, but no recent launch is yet at power-brand scale.

Therapy	Share of revenue	Lead brands	Prescribers
Gynaecology	About 50 to 55%	Divatrone, Maintane, Endoreg, MemUp	Obstetricians, gynaecologists, IVF specialists
Orthopaedics and pain	About 20 to 25%	Indocap, Metadec	Orthopaedic surgeons, rheumatologists, GPs
Dermatology	About 10 to 15%	Eukroma, Pru (Yash portfolio)	Dermatologists

Therapy	Share of revenue	Lead brands	Prescribers
Paediatrics	About 12%	Yash portfolio brands	Paediatricians

4. HOW THE MEDICINE IS MADE AND SOLD: THE TECHNICAL CORE

Asset-light by design. Jagsonpal owns almost no plant: net block was about Rs 9 cr before the Yash intangibles arrived. Formulations (tablets, softgels, injectables, capsules, syrups) are made by third-party manufacturers and CDMOs under loan licences, and R&D is substantially outsourced and partner-led. Capex rounds to zero in most years, which is why free cash flow tracks operating profit so closely.

The real fixed asset is the field force. About 1,000 medical representatives work 4,000+ towns through 18 stocking points and 1,200+ distributors. The economics of the model sit in productivity per representative (PCPM in industry shorthand): fixed field cost spread over rising per-representative sales is the operating leverage management keeps citing, and Q1 FY27 (EBITDA up about 21% on revenue up 8.8%) is the arithmetic showing.

Quality and counterfeit risk are the technical weak points. Outsourced manufacturing trades capex for dependence on partners' compliance, and branded generics in India face a specific operational threat that Jagsonpal has already met: counterfeit Divatrone and Indocap product in FY25 hit volumes until the company worked with state regulators and changed packaging. A brand-only moat has to be policed, and policing costs money every year.

The hospital channel is a different technology of selling. Aequitas sells into corporate hospital formularies with 49 institutional representatives: tender cycles, formulary committees and price-sensitive procurement, at thinner gross margins than retail prescription brands. Management's plan is to push power brands (Indocap, Endoreg, Maintane) through that formulary door and lift Aequitas from about Rs 53 cr of revenue and negligible EBITDA to Rs 100 cr scale revenue ambitions and Rs 10 cr of EBITDA by Year 2. That is the single most falsifiable promise in the story.

5. THE DEAL ENGINE: THREE TRANSACTIONS, ONE TEMPLATE

Deal	Date	Consideration	What was bought	Structure
Yash Pharma (India and Bhutan)	May 2024	Rs 92.47 cr cash, incl. deferred element	33 dermatology and childcare brands and trademarks	Business transfer, funded from internal accruals (cash was Rs 135 cr at Dec 2023)
Aequitas Healthcare	Jul 2026	Rs 20.8 cr cash for 85%	Hospital-channel business, FY26 revenue Rs 53.3 cr, nil debt	Sellers keep 15%; Jagsonpal targets Rs 10 cr EBITDA by Year 2

Deal	Date	Consideration	What was bought	Structure
Group Pharma wellness portfolio	Closed Oct 1, 2026	Rs 23.7 cr upfront, up to Rs 46.7 cr total	Hemozink (about Rs 15.5 cr) and Sudin (about Rs 20.1 cr), about 6 SKUs, FY26 turnover Rs 24.6 cr	Balance linked to FY28 sales; about 150 staff and 30,000 doctors transfer

The template is consistent. Buy brands or channels, not factories. Pay cash from a balance sheet that held Rs 135 to 191 cr across the period. Defer part of the price or leave the seller with equity, so integration risk is shared. Then lift margins by running the acquired brands through the existing field force and supply chain: the Yash business is the proof case, with EBITDA margin reportedly moved from about 10% at acquisition to about 22%, the corporate level.

The arithmetic investors are being asked to underwrite. The three deals add roughly Rs 78 cr of acquired annual revenue (Yash annualising inside FY25 and FY26, Aequitas Rs 53.3 cr, wellness Rs 24.6 cr) against the Rs 500 cr revenue ambition management attaches to the enlarged platform. Organic growth of 9 to 12% plus annualised deal revenue gets there arithmetically. The open question is margin: hospital and wellness revenue carries lower gross margin than the gynae core, so the 21% EBITDA margin is the number to defend, not just the revenue line.

Deal risk is integration bandwidth. Three integrations in 28 months, each with its own sales force (49 institutional representatives at Aequitas, about 150 staff in wellness), on a management team that is still PE-era new. The deferred and retained-equity structures buy alignment; they do not buy management hours.

6. FINANCIALS: SLOW REVENUE, FAST PROFIT, REAL CASH

Year	Revenue (Rs cr)	Gross margin	Operating EBITDA (Rs cr)	EBITDA margin	Operating PAT (Rs cr)	Reported PAT (Rs cr)
FY22	217.6	About 59%	25.0	About 11.5%	18.9	18.9
FY23	242.4	n.d.	n.d.	n.d.	n.d.	26.7
FY24	218.0	n.d.	n.d.	n.d.	n.d.	22.5
FY25	268.7	About 64%	57.9	21.5%	37.5	55.4
FY26	287.2	About 64%	60.9	21.2%	44.6	43.1
Q1 FY27	82.2	65.2%	19.1	23.2%	n.a.	13.2

Company investor-presentation series for operating EBITDA and operating PAT; reported PAT from audited results. FY25 reported PAT exceeds operating PAT because it includes other income and one-off credits; FY26 reported PAT is after an exceptional charge of about Rs 2.1 cr for the newly notified labour codes. FY23 and FY24 revenue are total-revenue figures from data vendors and are not perfectly like-for-like with the operating series. DalalBytes table.

Read the two PAT lines, not one. The gap between operating and reported profit flips sign (FY25 reported above operating, FY26 below) because treasury income, fair-value items and one-offs run through the reported line. The operating series is the cleaner trend: PAT compounding at about 24% on revenue compounding at about 7% is mix and productivity, not volume.

Growth quality is improving at the margin. FY26 revenue grew 6.9% on reported operations, but management's Pharmarack-based disclosure puts Jagsonpal's secondary growth at 12.2% against an Indian pharmaceutical market at 8.6%, and March 2026 at 22.2% against 10.1%. Q1 FY27 kept the pattern: company growth of 18.9% on Pharmarack data against a market at 11.6%, rank improving four places to 88. Primary (reported) growth lags secondary because of channel stocking cycles; the direction of travel is still up.

Returns are respectable, not elite. ROE of about 16 to 17% and ROCE of about 21 to 23% on FY26 numbers, with management estimating the buyback lifts ROCE toward 25.7% and ROE toward 18.9% pro forma. The drag is the cash pile itself: Rs 190.7 cr earning treasury returns inside a Rs 276 cr net worth suppresses both ratios until it is deployed or returned.

7. BALANCE SHEET AND CASH FLOW

Fortress is the right word at this size. Borrowings are effectively nil (debt to equity of 0.00 to 0.03 across sources), the cash conversion cycle is about 26 days, and net worth was Rs 276.2 cr at March 2026 against total liabilities of about Rs 405 cr including that net worth. Interest cover is academic when there is no interest.

Cash flow is the strongest section of the file. Free cash flow rose from Rs 7.7 cr in FY22 to Rs 61.4 cr in FY26 on the company's series, an eightfold rise, because the model needs no plant and working capital is short-cycle. FY26 operating cash flow of about Rs 47 cr on one vendor series differs from the company's free cash flow figure mainly in classification of treasury flows; both agree on direction and approximate scale (DalalBytes notes the discrepancy rather than blending the two).

Capital returns are now a policy, not an event. FY26 combined a Rs 26.2 cr dividend (Rs 4 per share, including a 75% special dividend) with a Rs 40 cr buyback at Rs 250 a share for 16 lakh shares (2.4% of equity), completed in May 2026 at 3.67x subscription. Promoters did not tender, so their percentage rose mechanically. Funding a buyback, Aequitas and the wellness upfront payment in one year while keeping about Rs 170 cr of cash is the capital allocation record in one sentence.

8. MANAGEMENT, PROMOTERS AND GOVERNANCE

Who owns it. The promoter group (Infinity Holdings and the Kochhar family together) held 68.82% in September 2026, with pledging at 0.00% throughout the observable record. The trend matters more than the level: 69.17% through FY17 to FY21, a step down to about 68.7% as PE entered and ESOPs began, a drift to 67.39% by December 2025, then back up to 69.06% by June 2026 as the buyback shrank the denominator. That is a stable-to-rising line with no pledging, the cleanest pattern a microcap register can show.

Quarter	Promoter %	FII %	DII %
Mar 2024	68.09	0.73	0.84
Mar 2025	67.77	2.10	0.00
Dec 2025	67.39	2.12	0.15
Mar 2026	67.89	2.44	0.22
Jun 2026	69.06	2.30	0.62
Sep 2026	68.82	2.13	1.64

Screener shareholding series.

Who runs it. Harsha Raghavan (Convergent Finance) chairs; Manish Gupta is Managing Director; the CFO function under Nirav Vora fronts the concalls with specific, checkable claims (buyback accretion, Aequitas targets, margin bridges). Two senior management designations were added in July 2026 (Balmukund Keshav and Sanjay Singhal) as the structure divisionalises further. Institutional sponsorship is still thin (FII about 2.1%, DII about 1.6%), which cuts both ways: little sponsorship support, and room for discovery.

Governance watch items, stated plainly. First, PE control has an eventual exit horizon; Convergent's funds will one day sell, and a 44%-ish foreign promoter block (per exchange classification) changing hands is a future overhang, not a present fault. Second, ESOP issuance is live (about 1.02 lakh shares allotted in September 2026 under the 2022 plan), a small but real dilution drip. Third, a tax demand the company is appealing was disclosed in 2026 results coverage; the amount is not material to the thesis but belongs on the watch list. No auditor exit, SEBI action or related-party red flag appears in the sources reviewed.

9. STRENGTHS AND WEAKNESSES

What to watch

Whether Aequitas reaches its Rs 10 cr Year 2 EBITDA target, whether the Group Pharma wellness brands grow under the larger field force, and whether organic growth holds above the market rate. Those three prints decide if the deal engine compounds or merely accumulates.

Strengths. One: niche leadership that is measurable (top-five molecule ranks for 20+ brands, number two in orthopaedics, 90% gynae coverage). Two: a genuinely asset-light cash machine (Rs 61.4 cr of FY26 free cash flow on Rs 287 cr of revenue). Three: a debt-free balance sheet with cash to fund the stated deal pipeline without dilution. Four: deal structures that share risk (deferred consideration, retained seller equity) and one completed margin-lift proof case in Yash. Five: promoter holding stable with zero pledging.

Weaknesses. One: scale. At Rs 287 cr of revenue and rank 88 in the market, Jagsonpal is a price-taker in doctor attention against companies ten times its size. Two: concentration, with gynaecology at about half of revenue and the top 10 brands at about 58%. Three: reported growth is still single-digit; the double-digit

secondary numbers have to convert. Four: outsourced manufacturing and R&D cap both quality control and pipeline novelty. Five: a full valuation (Section 11) that already pays for part of the deal story.

10. COMPETITION: A NICHE DEFENDED AGAINST GIANTS

The covered market is the battleground. In dydrogesterone, Divatrone competes with the innovator's brand and a crowd of Indian branded generics (Abbott, plus domestic majors). In pain, Indocap faces every large Indian pharma's analgesic portfolio. In dermatology, the Yash brands compete with the dedicated derma franchises of far larger companies. Jagsonpal's defence is not price or patents; it is call frequency and trust with a defined prescriber set: 35,000 gynaecologists is a relationship asset a generalist cannot replicate quickly.

Comparator	Scale marker	P/E (approx.)	What the comparison shows
Jagsonpal	Revenue Rs 287 cr; PAT (op.) Rs 44.6 cr	About 32x operating FY26	Smallest, cheapest of the branded set, slowest top line
Sun Pharma	Market cap about Rs 4.2 lakh cr	About 38x	The diversified ceiling; not a direct comp
Torrent Pharma	Market cap about Rs 1.47 lakh cr	About 65x	What chronic branded scale earns at the top end
Sector (industry P/E)	n.a.	About 49x	Jagsonpal trades at a clear small-cap discount to the sector

Peer multiples from market data vendors, October 2026, approximate. DalalBytes table.

The honest competitive statement. Jagsonpal wins where the prescriber set is narrow and loyal (gynae, ortho niches) and is outgunned wherever a category becomes a marketing-spend war. The wellness and hospital moves deliberately enter channels where its incumbency is weakest, which is why they are options, not moats, today.

11. VALUATION: PAYING 32X FOR 7% ORGANIC GROWTH AND A DEAL OPTION

Where the stock sits. At Rs 217.67: market cap about Rs 1,436 cr, about 5.0x FY26 sales, about 32x operating FY26 EPS of about Rs 6.8, about 34x reported FY26 EPS of Rs 6.40, P/B about 5.0x on book value of about Rs 42 to 44, dividend yield about 1.8% on the Rs 4 dividend. The share is about 18% below its 52-week high of Rs 264.50 and has roughly doubled over five years while going sideways over one.

What has to be true. The multiple is defensible only if the FY26 operating PAT base is the floor and the deals add a second growth leg. On the base case below, FY29 EPS of about Rs 10.3 at a 28x exit gives Rs 290, about 10% a year from the reference price plus the dividend. That is a fair, not exciting, expected return, and it is why the rating is Selective rather than Positive: the cash machine deserves ownership, the entry price deserves patience.

12. RISKS

Concentration risk. Half the revenue is one therapy and 58% is ten brands. A safety signal, a price-control order (several gynae and pain molecules sit near NPPA attention) or a single brand's decline moves the whole P&L.

Counterfeit and quality risk. FY25 proved counterfeits can take volume from the two biggest brands. Outsourced supply chains make recurrence a standing risk, not a closed chapter.

Integration risk. Aequitas must go from negligible EBITDA to Rs 10 cr in two years and the wellness brands must grow under new ownership, while the Yash integration is barely two years old. Misses here convert the deal engine from the thesis into the problem.

Regulatory and tax risk. Price controls, the new labour codes (already a Rs 2.1 cr charge), and the appealed tax demand are each small; together they define the compliance weather for a small formulations company.

Ownership and liquidity risk. A PE promoter eventually exits. Daily traded value is thin (about Rs 3 cr on the reference day on one vendor), so both entry and exit for size are slow.

Valuation risk. At about 32x operating earnings, a year of single-digit growth with no deal delivery would de-rate the stock toward the bear case without anything going operationally wrong.

13. WHAT WOULD CHANGE THE RATING

Upgrade triggers. Two consecutive years of double-digit reported revenue growth; Aequitas at or near its Rs 10 cr Year 2 EBITDA target; wellness brands growing at or above market under Jagsonpal's field force; a further buyback or a larger, still-disciplined acquisition funded from cash.

Downgrade triggers. Promoter pledging appearing, or a promoter stake sale at a discount; operating margin falling back below 18%; any power brand losing its top-five molecule rank; deals shifting from deferred and retained structures to full upfront cash at rising multiples.

14. FY2029 SCENARIOS

Scenario	Revenue CAGR FY26 to 29	FY29 revenue	PAT margin	FY29 PAT	EPS (post-buyback shares)	Exit P/E	Target
Bear	8%	About Rs 362 cr	13.5%	About Rs 49 cr	About Rs 7.6	20x	Rs 150

Scenario	Revenue CAGR FY26 to 29	FY29 revenue	PAT margin	FY29 PAT	EPS (post-buyback shares)	Exit P/E	Target
Base	13%	About Rs 413 cr	16.0%	About Rs 66 cr	About Rs 10.3	28x	Rs 290
Bull	17%	About Rs 460 cr	18.0%	About Rs 83 cr	About Rs 12.9	35x	Rs 450

Assumptions, stated. Bear: deals contribute revenue but not margin, organic growth stays at FY26 pace, and the market de-rates a stalled story. Base: organic growth of about 10% plus annualised Aequitas and wellness revenue, operating PAT margin recovering toward the Q1 FY27 run rate on a full-year basis. Bull: the Rs 500 cr ambition is approached a year early in run-rate terms, Aequitas beats its EBITDA target, and the stock re-rates toward branded-pharma mid-cap multiples. FY2029 is the year ending March 2029. Targets are DalalBytes estimates, not guidance.

Sources: company investor presentations and concall disclosures (Q1 FY27, FY26), audited FY26 results, BSE filings for the Yash Pharma, Aequitas and Group Pharma transactions, Screener shareholding and financial series, and market data vendors for prices and peer multiples, all accessed October 2026. Operating figures are as defined by the company; where vendor series differ, the difference is noted in the text.