**Poly Medicure Limited**
Regd. Office: 232 B, 3rd Floor, Okhla Industrial Estate,
Phase-III, New Delhi - 110 020 (INDIA)
T: +91-11- 33550700, 47317000
E: info@polymedicure.com W: polymedicure.com
CIN: L 40300DL1995PLC066923

POLYMED

Date: 13th May, 2025

**Scrip Code: - 531768**

**The Manager,**
**BSE Limited,**
Department of Corporate Services,
Phirozee Jeejeebhoy Towers,
Dalal Street, Mumbai- 400001.

**Scrip Code: - POLYMED**

**The Manager**
**National Stock Exchange of India Limited**
Exchange Plaza, Plot No. C/1-Block-G
Bandra Kurla Complex, Bandra(E),
Mumbai-400051.

**Subject: Submission of Transcript for Q4-FY25 Earning Conference Call under the SEBI (Listing Obligation and Disclosure Requirements), Regulation, 2015**

Dear Sir/Madam,

Pursuant to Regulation 30(6) of SEBI (Listing Obligation and Disclosure Requirements) Regulations, 2015, we hereby submit Transcript of the investor Meet/Call held on 7th May 2025, on the Audited Financial Results of the Company for the quarter and Financial Year ended 31st March, 2025, on Standalone and Consolidated basis, which were considered and approved by the Board of Directors of the Company, at its meeting held on 6th May, 2025.

This is for your information and record.

Thanking You,
Yours Sincerely

For **Poly Medicure Limited**

AVINASH CHANDRA
Digitally signed by AVINASH CHANDRA
Date: 2025.05.13 17:29:56 +05'30'

POLY MEDICURE LTD.
New Delhi

**Avinash Chandra**
**Company Secretary**
**M. No. A32270**

**Encl: As above**

# "Poly Medicure Limited Q4 FY '25 Earnings Conference Call"

**May 07, 2025**

**MANAGEMENT:** **MR. HIMANSHU BAID – MANAGING DIRECTOR, POLY MEDICURE LIMITED**

**MR. NARESH VIJAYVERGIYA – CFO, POLY MEDICURE LIMITED**

**MR. RAHUL GAUTAM – PRESIDENT STRATEGY & CORPORATE DEVELOPMENT, POLY MEDICURE LIMITED**

**MODERATOR:** **MS. NISHA SHETTY - ICICI SECURITIES LIMITED**

**Moderator:** Ladies and gentlemen, good day and welcome to the Poly Medicure Q4 and FY '25 Earnings Conference Call.

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 the operator by pressing '*' then '0' on your touchtone phone. Please note that this conference is being recorded.

I now hand the conference over to Mr. Himanshu Baid. Thank you and over to you, sir.

**Himanshu Baid:** Thank you very much for hosting the call. Again, good evening to everyone who is on the call, and I will take you in Quarter 4 highlights and also the annual numbers for next 15-20 minutes. And again, I am sure you have seen the presentation which we have posted already for all our investors on our website.

So just to highlight the numbers once again, for the quarter ended March '25, we have consolidated revenue performance of Rs. 440 crores that is around 16.5% growth over last year and also operating EBITDA for the whole quarter is Rs. 119.5 crores against Rs. 96.5 crores over last year's performance. And overall EBITDA has also improved from 25.5 to 27.1% for the quarter. And also we see PAT improvement from Rs. 68.4 crores to Rs. 91.8 crores. So that is the quarter performance.

On the annual side, again, if you look at the numbers, from Rs. 1,375 crores, we have gone to around close to Rs. 1,670 crores, a growth of around 21.5% roughly. Again, margins had improved from 26% EBITDA to 27.1%. So overall EBITDA grew from Rs. 357.7 crores to Rs. 451 crores and again PAT has increased from Rs. 258 crores to Rs. 338.6 crores. So if you remember the guidance we had given in the beginning of the year, on a standalone basis, the revenue has increased from Rs. 1,307 crores to Rs. 1,601 crores, which is close to 22.5%.

So we had given guidance in the beginning of the year between 22%-24% growth rate. So we have actually within the range of the target which guidance number which we had provided in the beginning of the year. So we were very accurately able to forecast our revenue and our projections. Even on the margin side, if you see the EBITDA margins also improved by close to over 100 bps and that was the also guidance for the year in the beginning of the year where we called out for a margin improvement of 100-250 bps. So we are in the range of what we had projected in the beginning of the year.

So again, coming back to the revenue mix, domestic business overall increased by 18.6% on a standalone basis and export revenue increased by 24% from Rs. 89 crores to Rs. 110 crores. The biggest highlight in the domestic business was the growth in the Renal business and the Renal business had grown significantly by 60% for the whole year and that is what we had called out. We had called out a number of around close to Rs. 140 - Rs.150 crores for Renal business for FY '25 and we have actually did over Rs. 150 crores for the whole year. And it has been our main growth sector in the current year and also as we grow forward in FY '26, we also anticipate close to 50% growth in the Renal business as we go forward in FY '26. So we are pretty much increasing our market share here. We are also selling more and more machines. So this year, our plans are to sell between 500 and 600 machines between that number, so close to 40-50 machines a month. Totally, we have now installed base over 500 machines, last year over 350 machines were sold. So now, we are gaining more and more market share with the domestically produced machine which has around 50% local components and also the dialysis market is growing because the reimbursement rates have changed. The rates have increased from Rs. 1,200 to Rs. 1,800 and that is probably bringing more and more service providers, opening more standalone centers in the country. So that is a big plus for the Company.

The second big plus is our Critical Care division, which just started last year, and this division will greatly benefit from the 200 Oncology Centers which Government of India has announced this year and there will be total 700 centers for over next 3 years. So Oncology business, it is in our Critical Care business. So that will greatly benefit from this government policy of making standalone centers for drug delivery and Oncology, so this is something plus sign for us. And we are very hopeful that Critical Care segment also grows by almost 2 and 1/2 times in the current year over the previous year numbers.

Cardiology, we have just started last year, it was the first 6-7 months of launch, and this year will be a full launch because our DES, which was approved as I mentioned in the last call, in February, so we have commercially launched the drug-eluting stent in the market end of March and now we are seeing the sales hitting. At this moment, we have already implanted around 200 plus stents, 100 plus was done within March. Now, we have almost done 200 plus stents as we speak right now and we have a good report around and we are also going to establish a clinical registry in next few months, it will cover over 2000 patients. So again that is a big move we are going to do and we will announce it as soon as we finalize all our contracts and parameters around that and some portion of that of those clinical trials will also be happening in Europe. So that is on the Cardiology business, we will be launching also drug-eluting balloons and certain PDA catheter, PTCA catheters this year which are scheduled to be launched this year. We are waiting for some licenses from CDSCO and as soon as we get those licenses, we will be in a position to launch those products.

The balance sheet is of course very healthy. We have a liquidity position of Rs. 220 crores as of March ‘25. Of course, we are looking at some new opportunities in M&A side and as soon as we finalize something, we will definitely get back to you with proper details. So we are now constant lookout for good technology, good Company in India or outside India and our endeavor is that Polymed should be focusing more on technology in future, so that we can build solid platforms across our new verticals like Cardiology, Critical Care and Renal portfolio. So that is where our focus. And we are also looking something outside these areas and if you find a technology which is suitable to India and for global markets, we will definitely work on that side. So these are some of the newer things we are doing.

Last year, we have launched over 30 products. In FY '24, we launched around 18-19 products. Now, we have moved around 30 new products which were launched in FY '25. So that is a big because in Cardiology, Critical Care, we have launched a lot of new devices and that is a big change from our past strategy of only launching 10-12 products a year. So a lot of acceleration in R&D and new product launches and across these new divisions.

Today, we have also signed recently our contract with ZEMBA is a global coalition of companies working to accelerate on decarbonization of ocean freight and Polymed is one of the only few companies which have signed this contract from India. So most of our goods which we carried across two different continents through ocean freight will carry green fuel and that is what we are targeting right now and that is a big push towards our environmental compliances and building a sustainable manufacturing ecosystem. Also, we have signed a contract with AMPIN which we announced few months ago that most of the energy will be used in our companies, especially in Faridabad area where we are most of our manufacturing will be green energy will be generated through solar power, and we are going to establish a JV to attain almost 9.5 MW solar power plant which will help us to energize all our factories with green power.

And I am also very happy to announce that recently Polymed as a Company I received an award on behalf of the Company as "EY Entrepreneur Year Award 2024" for "Life Science and Healthcare". So this was a great recognition from the industry and the peer group about the progress Polymed has made over the years in medical device industry and that was a great honor to receive on behalf of all our employees, all our stakeholders last month.

On the financial side, of course, we continue to accelerate. Again, we have guided this year again for a 20% revenue growth. Overall, we may face some little bit headwinds in export business, but we are very bullish on the domestic market where we are expecting a growth of around 30% to 32% for the whole year and that is what we are targeting this year where Renal will make a significant progress and so as our Transfusion and Vascular Access business. So we are very bullish on growing market. In India, we have done a lot of work. So from that first quarter of last year, we grew only 6%. All the other 3 quarters, we have grown over 23%-24% in domestic business and now as we have achieved certain momentum, so I think now we will see a much bigger growth rate in coming quarters and in this current year.

Exports, I think we will see a growth rate between 12%-15%. That is what we will see this year. And of course, after a few months, we will have more clarity how things are shaping up because the current geopolitical situation is pretty fluid right now and of course, we will watch it out, but with the current contracts, we have current visibility. We think we don't see any reason that will not go 12%-15%. So overall, we see average both the growths where one-third revenue comes from India, two-third come from export, so we should be able to hit our 20% goal, we should be able to hit that very easily and also on the margin side, I think we still expect margins to remain between 25%-27% of EBITDA. This is where we are guiding today. Hopefully, we should be able to do better, but this is what we will guide for the moment and as time progresses, we will have much more clarity on these issues.

So these are some of the updates from my side and now, I will ask all the people on the call and if there are any questions, I will be happy to answer them and we have people received some feedback from you guys. Thank you so much and again back to you, ICICI team.

**Moderator:** Thank you very much. We will now begin the question and answer session. The first question is from the line of Nitin Gosar from BOIFM. Please go ahead, sir.

**Nitin Gosar:** Hi.

**Himanshu Baid:** Hi, Nitin.

**Nitin Gosar:** Hi, Himanshu ji. Thank you. Congrats on the good set of number again. Sir, I just wanted to understand couple of day's back India signed a free trade agreement with UK, I believe UK Europe has been one of our dominant geography when it comes to export. With FTA keeping in mind, does it help our business to any extent?

**Himanshu Baid:** See, I think it is a very big move. See, currently, we already have a presence in the UK market. Almost 5%-6% of our revenue is coming from UK from the export side. So what we are seeing right now is that the NHS which is the one of the largest consumer of medical devices, I think there we will benefit a lot because now this long-term FTA being signed, at least the tariff structure remains constant and this will help companies which are working with NHS and with us directly, I think they will see a longer runway to procure products from India. Also, we have a strategy to go direct because we have a subsidiary in the UK now. So we also have a strategic intent to go direct in the UK market through our subsidiary. So that is also a big move for us because it will help us to recruit some people on a temporary basis and also access the market directly. And the next thing I see is the opportunity on the CDMO side. Many companies can say India, long-term partner, to develop design and manufacturing capability in India and to address the UK market. So overall, it has a very positive move at least for the Medtech sector.

**Nitin Gosar:** But when I hear your commentary in terms of the outlook for FY '26, we are slightly more lower on the growth, not exactly muted, but slightly lower. Is it more to do with US as a tariff which is creating ambiguity around?

**Himanshu Baid:** Yes, I think you are right, Nitin. So everybody is in a flux right now. So nobody knows what is happening. So some people who are 10%, we are the winners here, but suddenly they are not the winners. So we don't know who is going to win, who is going to lose. So I think it is global, the last few months there is a global turmoil in the whole global trade. So trade markets have kind of stalled a little bit, but yes, we are in the healthcare business where we will not see a downturn because people need products. So I think it is a matter of time, and I think because we are in a situation, what we are seeing today and yesterday and day before, we are commenting like that maybe 3 from now will have a different outlook altogether.

**Nitin Gosar:** Yes. Just to understand on the US tariff part, supposedly, hypothetically, if there is 10% tariff, how does it affect our cost positioning vis-a-vis the competing nations?

**Himanshu Baid:** I think 10% tariff, see what has India negotiated now with UK also. I think on most of the products close to 0% to 4% tariff. And so almost we are giving a free access to those margins, I think similar for medical devices which have an inward duty of 5%-10% in India and Indian exports are almost like 2%-3% duty, I think 2.5% or 2.75% duty. So I think on the reciprocal side if India matches that, I think the duty will drop to around 4%-5% for Indian products also, whereas China, even in the Biden-era, there was duty on medical devices from China. But what I feel personally is India will get a leeway because we have a strong pharmaceutical industry, pharma, medical devices, all are clubbed together. So I think we will see a better tariff structure for Indian products, and I think now, we are also getting a lot of inquiries from US customers who are looking at India as an alternate base. Though it is going to take a long time, it is not an easy win or near win, but I think in the long run, I think India would be a winner.

**Nitin Gosar:** Got it. And one last bit on margins where you said, the range is between on guidance around 25-27, but with a certain degree of optimism as well, so it can be 27 plus as well now?

**Himanshu Baid:** See, the point here is again the situation we are into today and yesterday and the day before yesterday. So this is very hard to comment, and I don't want to be over committing and under delivering, so I think, let us see.

**Nitin Gosar:** Now I completely agree with you, sir.

**Himanshu Baid:** Anyways, Company is doing fine, we are doing. So I think the business is in good shape, is in good auto mode, but the only thing is that let us be cautious, conserve our capital, conserve our energies for a bigger opportunity is going to come to us.

**Nitin Gosar:** But just to understand your thought process, what scenario can trigger 25 and what scenario can trigger 27 plus if you can help us understand these two scenarios?

**Himanshu Baid:** See, I think, see if the export growth gets lower than, let us say, 12%-15%, then we may hit the 25% number. But if the export goes continues in north of 15%, then we could still hit that 27% EBITDA margin.

**Nitin Gosar:** So you want export to be 15 plus, that will help us?

**Himanshu Baid:** Yes, that is what we are targeting and that is what should happen. That is the minimum number, internally we have simulated, and I think we should be able to achieve it, though we have done in the earlier years around 23%-24% growth, also last year was 24% growth in exports. But I think 2-3 months, I think end of quarter 1, quarter 2, we will have more clarity. I think this is a very difficult year for everybody.

**Nitin Gosar:** No, I agree with you, sir. Yes, and thank you and wish you the best for the upcoming year as well.

**Himanshu Baid:** Thank you, Nitin. Thank you so much.

**Moderator:** Thank you. The next question is from the line of Rashmi from Dolat Capital. Please go ahead.

**Rashmi:** Yes, thanks for the opportunity. So follow up from the earlier participant only, in Quarter 4, we have seen a slowdown in the Europe business, and you also mentioned because of the tariff disturbances and all. So in Europe, specifically, which countries you have actually seen such slowdown and going ahead in FY '25?

**Himanshu Baid:** Rashmi Hi, so good question. But we don't call out separate the country because it is very confidential information. But in general there was a slowdown coming mainly from countries in South Europe. So I think that is where we had slowdown. And I think as time progresses I think it should come back because in most of the countries there was supply chain disruption, maybe overstocking. So all those things were combination of factors, and nobody knows where the tariffs are coming, what is going to happen to China and how they are going to take it up. So there are certain things. So it is for everybody. I think we have still done very well in growing our exports by 14%. Most of the companies which are in medical devices have not grown at all in exports.

**Rashmi:** And coming to the category wise in Infusion therapy in India, how is that progressing? What is the expectation like in the Renal segment, you already said that we would be able to grow 50% sort of growth even in FY '26, but what is happening in the Infusion category. What kind of growth are you seeing in that business?

**Himanshu Baid:** So I think in Infusion category, we are looking at a growth of over 18% to 20% in the current year and I think that is the number we have internally set as a benchmark, and I think markets are growing. There is a lot of consolidation happening in the hospital sector. You have already seen a lot of mergers happening. So that is wherever we have presence in one hospital chain and they are merging, so it gives us an automatic into the next hospital chain. And that is what we have seen over last one year. So our presence in chain hospitals has increased considerably and I think that is what we are seeing more corporatization. And Polymed which is operating today in a higher mid-Tier to higher segment in this category, so we are able to also, and you have seen that we have worked very hard in the domestic market in last one year. So I think that is what we will call out as 18% to 20% growth rate in Infusion Vascular business.

**Rashmi:** And this 18% to 20% considering both India as well as the export market, right?

**Himanshu Baid:** No, we have not called out export Rashmi, this is more on India.

**Rashmi:** Just more on India business?

**Himanshu Baid:** Yes, because you called out India. So I have called out India.

**Rashmi:** Got it. That is clear clarification. Another thing, just in the Renal segment, with some of the distributor checks and all what we understood that even though we sell dialysis machine at a discount to the market leaders like Fresenius Kabi and Nipro and they are already the market leaders very well, still penetrated in the Indian market and we are second to them, in between and we do have other sort of players like Chinese players who are basically even discount to our own pricing, what we are selling it to the customer. So at the very low pricing, so we are somewhere in between. So just to understand what strategies are you taking in order to get more acceptable by the customers because somewhere we feel that we are in between?

**Himanshu Baid:** So I think so, Rashmi, let us understand, most of these companies you called out the names, initial names like Fresenius and Nipro have been in the market for 40 years. They have installations of over 40,000-50,000 machines across both the companies whereas we have installation of only 500 machines. We are a new entrant entered just a year and a half ago with that product line. So we are building our team of engineers and application team, I think the service is going to make a difference. Chinese don't offer any service. So that is because the disadvantage, they don't have any service backup or engineering backup in the country, they don't do any trainings in the country. So today every customer is looking for a service backup for training, application training, and technical training and that is what we have been doing for last 1-1/2 years. That is the reason we are able to sell 350 machines last year. So now, this year plan is 500-600 machines as I mentioned earlier. So the servicing, the continuity of the machines because you will be able to very quickly if there is a machine that needs repair, we are able to sell our technicians, very quickly they had to repair the machines and to manage those machines and as we are putting more machines in the market, our reach is increasing. And we are able to then take a bigger market share from the market and with at least 50% Make in India content, I think that becomes the advantage especially where dialysis is still a very highly government dominated business, we get our advantage as a local manufacturer.

**Rashmi:** And this 500 to 600 installation which you did, is it to specific regions or is it distributed Pan India?

**Himanshu Baid:** This is Pan India.

**Rashmi:** And how many technicians we have specifically as a serviceman?

**Himanshu Baid:** We are today totally 30 plus, today engineers who are around, who are helping us to manage these machines across the country. And each engineer actually in its full capacity can manage around 20-30 machines. So we have already put people in strategic locations which will help us to grow the business in those areas very fast.

**Rashmi:** And one last question on the PLI benefits. Have we realized anything for the Renal segment?

**Himanshu Baid:** No, Zero.

**Rashmi:** But are we expecting anything in FY '26?

**Himanshu Baid:** Can't say if we hit some targets, we would, but I am building the business not on based on PLI, building the business on merit of the products we manufacture because we aren't even going to finish in 2 years. FY '27 PLI is over anyways, so it doesn't matter. I think the business is built on the merit of product quality, good product, so I think that is more important to us.

**Rashmi:** Thank you. That is it from my side.

**Himanshu Baid:** Thank you, Rashmi. Thanks a lot.

**Moderator:** Thank you. The next question is from the line of Ravi Kumar Naredi from Naredi Investment P Limited. Please go ahead.

**Ravi Kumar Naredi:** Yes, Himanshuji, you are doing a fantastic thing. Sir, our Rental contribution is 60%. So it will maintain or may rise more?

**Himanshu Baid:** Sir, The Renal growth is 60% last year. This is next year we are planning because the base has increased now so we are looking at growing by around Rs. 75 crores over the current base of Rs. 150 crores, so around 50% growth is what we are guiding for Renal business. And currently, still all Renal products are being sold from outside India. And I think as we get more and more market share and as more and more product goes out in the market and people develop trust on our brand and product, this will help us to grow the market share considerably and that is what we are doing right now.

**Ravi Kumar Naredi:** Yes. And sir, what is our CAPEX plan for next 2 years?

**Himanshu Baid:** I think next 2 years, we have called out the CAPEX of around Rs. 500 crores across 3 new manufacturing facilities we are building right now and mostly, it will help us in expanding the Renal capacity and look at some new opportunities in the CDMO space that we are trying to figure out with this new tariff structure which is hit. So there are some new opportunities opening up. So we are working on those areas also and creating infrastructure for that.

**Ravi Kumar Naredi:** And our margins in export are more or domestic are more?

**Himanshu Baid:** The margin and export is slightly higher than the domestic business.

**Ravi Kumar Naredi:** Thank you.

**Himanshu Baid:** Thank you.

**Moderator:** Thank you. The next question is from the line of Abhas Dua from Layman Ventures. Please go ahead, sir.

**Abhas Dua:** Hi, sir. Congratulations on the great performance. I just want to ask you, given your clear commitment to innovation as evidenced by 334 patents granted globally and R&D expenses increased this year, can you share more about new research and development initiatives or product innovations that volumetrically is focusing on this quarter?

**Himanshu Baid:** That is a great question. And I think for us it is very important as an Indian Company to focus on new product development and new innovations. So yes, we are hiring 40 more people in the R&D team this year. So from a present state of 60-70 people, we will move to around 100 plus people this year. We are adding more and we are going to spend more money on clinical trials which is part of the R&D cost to help us to establish the efficacy of the products we are manufacturing today. So there is a clear drive that over the next 2-3 years, we will spend more and more money on R&D and you will see this expense increasing over next 2-3 years because as we enter the Critical Care and Cardiology space, our R&D spend will also increase, but will also help us to bring new devices which will be more where we will see gross margin improvement in some of the devices we are developing today.

**Abhas Dua:** Also I just want to have your take on the increasing advanced technologies in Critical Care, Oncology and Renal Solutions. What are you expecting? How this play out?

**Himanshu Baid:** So I think today, in any business, you have to continuously innovate because otherwise the product life cycle kind of becomes stagnant. So even in Renal, we are bringing some new technologies. We have at least 7 or 8 new products where we are trying to bring in some new ideas and bring some new technology and also improve our existing product lines, adding more SKUs there. So that is on the Renal space. Cardiology, as I told earlier, we are working on the new drug-eluting balloons, which nobody manufactured in India. Everything what we see in India is imported here, building the new PTCA catheters and some other very specialized guide wires. So that is what we are trying to build now in India and across different technologies. So every area we are creating a specialization of products.

**Abhas Dua:** And how do you manage the emerging competitors in the medical device market?

**Himanshu Baid:** See we have been managing for 28 years, so that is not new. So currently, we still are one of the most profitable companies in the sector. We continue to invest in new technology, new manufacturing, strategically launching products which are new generation devices, so that is the DNA of the Company, and I think we continue to work on the same DNA. Nothing is changing.

**Abhas Dua:** Thank you.

**Himanshu Baid:** Thank you so much.

**Moderator:** Thank you very much. The next question is from the line of Virti Shah from Systematix. Please go ahead.

**Virti Shah:** Hi, sir. Sir, just wanted to know like some insights on our current portfolio coverage in India and specifically what percentage of hospitals can be addressed through our existing portfolio like in terms of SKU's?

**Himanshu Baid:** Today, the products we manufacture can cut across into every hospital which is existing in India, almost 20,000 hospitals which are over 50 bed. So I think we have a very wide basket of products, over 250 products across the 6 verticals we run in India, and we continue to expand that basket. So over the next 3 years, we will add another 50 more products or 60 more products in the 6 verticals. So there is a huge basket expansion happening which ensures that every hospital would be a relevant customer to us.

**Virti Shah:** And which product category your export is driving?

**Himanshu Baid:** So export is basically focused on our Vascular Access infusion portfolio where we have a global competence and as time progresses, in next 2-3 years, we will also build exports for our Critical Care, Cardiology and Renal business, which we have just started last year in India. Renal is slightly older, but we are still trying to focus more on bridging that import gap in India. But as we have more capacity, surplus capacity, we will also build Renal as an export business for us. So that is what we are targeting right now.

**Virti Shah:** And last question, what is your current market share in India for Dialyzers and what percentage you think it will grow?

**Himanshu Baid:** So current market share, I think the estimate is close to around 10%-12% and hopefully, as we are calling out already 50% growth this year, industry probably is going around 25%. So we will grow double the rate of the industry. So next 2-3 years, we can expect the market share to grow to around 15%-17%.

**Virti Shah:** Thank you, sir.

**Himanshu Baid:** Thank you.

**Virti Shah:** Thank you. The next question is from the line of Rahul Deshmukh from LKP Securities. Please go ahead.

**Rahul Deshmukh:** Thank you for giving me the opportunity. Sir, I just wanted to understand the contribution mix, previously we used to report the contribution from Surgery plus transfusion?

**Himanshu Baid:** So we don't call out segments which are very small for the Company. And so that is clubbed under the General category. So we don't call out the numbers and these are some of the numbers that are confidential. I can't share on the call.

**Rahul Deshmikh:** And I just wanted to know which products the margins are better and for which product margin expansion you are calling for?

**Himanshu Baid:** Rahul, you are asking the secret recipe for my business?

**Rahul Deshmukh:** If you can share?

**Himanshu Baid:** So you are typically asking me a secret recipe over open forum. So of course, we don't call out the margins for each product. We don't give that information, but yes, Vascular infusion which is our core business is where we because we have a global competence on this business and some of the products we have good market share globally. So those are the products we will make more margin.

**Rahul Deshmukh:** Sir, next question is on inorganic expansion you mentioned that we are looking for…

**Himanshu Baid:** Now, can you speak more loudly? I can't hear you very well. So if you can be more closer to the mic, yes? Rahul, can you be closer to the mic, please.

**Moderator:** Sir, the line from Mr. Rahul has been disconnected. So shall we move to the next question?

**Himanshu Baid:** Please.

**Moderator:** The next question is from the line of Jasdeep from Clockvine. Please go ahead.

**Jasdeep:** Hi sir, thanks for taking my question. Sir, what percentage of your domestic sales excluding Renal business comes from the government?

**Himanshu Baid:** So total government revenue is around 10% to 12%, Jasdeep of the total domestic business.

**Jasdeep:** Got it. And how is this number grown over the last couple of years?

**Himanshu Baid:** It is decreasing. So we are seeing decreasing then, again I think first of all there is a big payment issue with the state governments where payments are coming not even in 1 year from many state governments. And again, quality is not considered as a clear selection criteria. So that is actually really for us is better to move more in the value accretive segment which is the private segment and then that is where we are gaining more market share. So I think government is not a focus area for us.

**Jasdeep:** Got it, sir. Sir, considering that you are a challenger in the Renal business and growing really fast, would it be right to assume that the margins in this business are poor as of now and as you build scale over the next couple of years, the margins will?

**Himanshu Baid:** Absolutely correct. And I think because this is a start and as you heard on the call earlier, we are in the middle of the segment getting squeezed. There are big companies, Chinese companies which are pushing the market. So we are in the middle. But I think as the volume expansion happens, we will get operational leverage because we are building the team, we build the infrastructure across the country. So I think once we start leveraging it more, I think we will see more marginal improvement in that. You are absolutely correct.

**Jasdeep:** It is loss making business as of now, sir?

**Himanshu Baid:** It is not a loss making. The operating margin is positive. So I think it is all about, I think probably by the end of this financial year, we should be able to be making PAT on this business.

**Jasdeep:** Sir, have your margin in the domestic business moved over the last 3 years, if you could just talk about the trends in the business last years on the margin front and domestic?

**Himanshu Baid:** So I think trend would be improving as the revenue. Again, see, last year, if you see we have added 70 new people across two divisions which were absolutely not, just the starters. There was no real margin coming from those two new businesses. The contribution is very less and these are expensive people in Cardiology and Critical Care. Again, the margins would be slightly flatter over the last couple of years, but I think as we have guided again as you have heard on the call, I have guided for growth of 30%-32% for this year for domestic business growth, I think that would help us to increase our margin substantially in times to come in domestic market.

**Jasdeep:** Got it, sir. Thank you, sir. That is all from my side.

**Himanshu Baid:** Thank you.

**Moderator:** Thank you. The next question is from the line of Harshi Shah from Beas Capital. Please go ahead.

**Harshi Shah:** Hi, Himanshu, congratulations. It has been a great year. Two questions, first, how do you see the demand in exports especially are coming through during the year and you have MDR certificate for 15 new products, so I think 15% is slightly conservative and secondly networking capital days have increased slightly, so just some color on that?

**Himanshu Baid:** So I think on the export market, the second question I will ask Rahul to answer for you. The first question is exports in Europe will increase. The point here is right now, currently, the global situation is very fluid and that is the reason if you heard me earlier on the call, we have given conservative guidance but let us see what happens in the next 2-3 months and we will have better clarity. But of course, Europe will be a prime market where one-third of the revenue still comes from Europe in the Company. So I think we are pretty optimistic about the market, but I think a few months will have more clarity. So I think we are not in a position to give a better number than 15% right now.

**Rahul Gautam:** And just to answer the question on networking capital, right, I think we have been obviously trying to add market share in the domestic market to grow faster, right and extending some credit lines to our distributors to help gain that market share. Plus we obviously built out inventory as we have lots of raw materials coming from overseas markets, right. So I think those are the reasons, but it has not expanded a lot. So we are quite okay from overall networking capital perspective.

**Harshi Shah:** Thanks a lot.

**Moderator:** Thank you. The next question is from the line of Girish Jain from KJMC Financial Services Limited. Please go ahead.

**Girish Jain:** Hello, Himanshuji.

**Himanshu Baid:** Hello, Girishji, how are you, sir?

**Girish Jain:** Congratulations on a good set of number.

**Himanshu Baid:** Girishji, your voice is cracking, sir. Your voice is cracking. I can't hear, your voice is cracking now. I can't hear him.

**Moderator:** Mr. Girish, if you are using a headset, please switch to a handset.

**Girish Jain:** I am on the handset only.

**Himanshu Baid:** Now, I can hear you better.

**Moderator:** Sir, your voice is clear now. Please go ahead.

**Girish Jain:** I said congratulations on a good set of numbers and some of the questions have already been covered. Just wanted to get a sense of the CAPEX, the Company continues to be on a heavy CAPEX cycle mode and I think you mentioned about in the next couple of years around Rs. 500 crores of more CAPEX is being planned. In the earlier calls you had mentioned about 3 new facilities, I think in Haryana, Uttarakhand and Rajasthan, some flavor on the schedule of the commercialization of these plants and any new plants identified, new sites identified?

**Himanshu Baid:** So already these sites were already identified Girishji. When we raised the QIP money for expansion so that these sites were already identified and already the construction work has started on 2 sites already. Third site we will start maybe in a few months. So we are waiting for some approvals. So this is part of what we have already announced earlier and will take us around 18 months to 24 months to build the plant. So in the previous call, I mentioned that by the end of Calendar Year 26 we should be able to commercialize this operation.

**Girish Jain:** And the Company is sitting on a cash of, I think Rs. 1,100 crores, right, I understand. And obviously it is throwing Rs. 250-Rs. 300 crores cash annually as well, has there been some plan on acquisition which is now going ahead and what are the plans for use of this capital?

**Himanshu Baid:** So basically, if you see out of that Rs. 1,000 crores were raised recently through QIP in august, September, last year, almost 6-7 months ago and this money is still quite unutilized, almost Rs. 900 crores of this money is still utilized and Rs. 300 crores were the previous cash in the Company which was built to internal accruals, so we will be using some of the money in CAPEX this year and some money what we use maybe for general corporate purposes in working capital because we still have very low debt from the banks in terms of working capital, Company is debt free anyways, long term there is no debt in the Company. So that money will be utilized there and we are working on certain M&A targets. Hopefully, if something works well, then we will be utilizing some of the cash even for M&A operations.

**Girish Jain:** On the M&A, have you been able to decide which particular vertical you would be interested in, whether it be Critical Care or Renal?

**Himanshu Baid:** Girishji, I can't call out this. This is sensitive information. I am sorry, I can't answer this question. We will work within what we are. We have a specialty in those areas. So that is what we will be within the same specialty area. And if we have to some new M&A opportunity, we will definitely do complete DD (due diligence) before getting into a new vertical.

**Girish Jain:** And the last question is, we just noticed that the dividend payout ratio has come down from 15%-16%, it used to be 4-5 years back to now, I think around 10%. Is this the Company's plan to preserve cash? I was mentioning about the dividend payout ratio.

**Himanshu Baid:** Here, I think the Board has taken a view that as we are going for a heavy CAPEX and also there are certain M&A opportunities to conserve cash and of course make prudence in there, but I have heard your point and then we will convey this to again Board members to be more considered in giving dividends.

**Girish Jain:** Thank you and all the best.

**Himanshu Baid:** Thank you, sir. Thank you very much.

**Moderator:** Thank you. The next question is from the line of Rahul Deshmukh from LKP Securities. Please go ahead.

**Rahul Deshmukh:** Yes, hello, sir. Am I audible?

**Himanshu Baid:** Yes, Rahul, please go ahead.

**Rahul Deshmukh:** Yes, sir. So my second question was on the inorganic expansion that we were earlier talking, so actually is there any specific criteria that we have set for the inorganic expansion like in a particular category or any geography we are targeting?

**Himanshu Baid:** I think, Rahul, I just answered the question just before this. And yes, we will focus on our core competence in consumer space and I think that is what we want to do and if we are moving outside consumers or let us say, any other space, then definitely, we will look at something which is fitting with the current operations of the Company, so I can't call out specifically what we are going to do or what we are looking at because that is the sensitive information. But as and when we finalize, we will give due explanation to all our stakeholders that why we have done it, what are the synergies and what we see as a long term objective of doing that M&A.

**Rahul Deshmukh:** Thank you.

**Himanshu Baid:** Thank you so much, Rahul.

**Moderator:** Thank you, ladies and gentlemen. This was the last question for the day. I would now like to hand the conference over to Mr. Himanshu for closing comments. Thank you and over to you, sir.

**Himanshu Baid:** Thank you very much all the participants and there were really intriguing questions and thank you again for your support and opportunity to speak to you over this call. We learn a lot with your questions and really helping us to improve our performance and also go deeper, dig deeper in certain questions you have asked will help us to bring better products, serve humanity better. So that is one of the objectives of the Company and look forward to talking to you soon and again, invite some of you who want to visit our plants, please come and visit us. You will be happy to see how we are innovating, how we are manufacturing products. And these all are world-class facilities which will actually excite you more. Thank you so much.

**Moderator:** On behalf of Poly Medicure, that concludes this conference. Thank you for joining us and you may now disconnect your lines.