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POLYMED MEDICAL DEVICES
We Care As We Cure

Date: 10th November, 2023

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 Q2-FY24 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) Regulation, 2015, we hereby submit Transcript of the Investor Meet/Call held on 6th November 2023, on the Unaudited Financial Results of the Company for the quarter and half year ended on 30TH September 2023, on Standalone and Consolidated basis, which were considered and approved by the Board of Directors of the Company , at its meeting held on 4TH November 2023.

This is for your information and record.

Thanking You,

Yours Sincerely

For **Poly Medicure Limited**

AVINASH CHANDRA Digitally signed by AVINASH CHANDRA Date: 2023.11.10 13:31:37 +05'30'

POLY MEDICURE LIMITED New Delhi

Avinash Chandra
Company Secretary

"Poly Medicure Limited
Q2 FY2024 Conference Call"

November 06, 2023

ANALYST:	**MR. ABDUL KADER PURANWALA – ICICI SECURITIES**
MANAGEMENT:	**MR. HIMANSHU BAID – MANAGING DIRECTOR – POLY MEDICURE LIMITED** **MR. NARESH VIJAYVARGIYA – CHIEF FINANCIAL OFFICER – POLY MEDICURE LIMITED** **MR. AVINASH CHANDRA – COMPANY SECRETARY – POLY MEDICURE LIMITED**

Moderator: Ladies and gentlemen, good day and welcome to the Poly Medicure Limited Q2 FY2024 Earnings Call hosted by ICICI Securities Limited. 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, please signal an operator by pressing "*" then "0" on your touchtone phone. Please note that this conference is being recorded. I now, handover the conference over to Mr. Abdul Kader Puranwala from ICICI Securities. Thank you and over to you Sir!

Abdul Kader Puranwala: Thank you Aman. Good afternoon everyone. On behalf of ICICI Securities I welcome you all to the Q2 FY2024 earnings call of Poly Medicure Limited. Today we have the senior management of the company with us represented by Mr. Himanshu Baid - Managing Director and Mr. Naresh Vijayvargiya CFO and Mr. Avinash Chandra, Company Secretary. I thank the management of Poly Medicure for giving ICICI Securities the opportunity to host this call and with this, I hand over the call to the management for opening remarks. Over to you Himanshu Sir!

Himanshu Baid: Thank you Mr. Abdul thank you so much and good afternoon everyone. I would like to take your through this Q2 earnings call and I will just maybe share the results with you and then go little descriptive on what we have done in last few months and update all the people who are on the call. So, on the result front as you can see the standalone revenue for half yearly stood at around 625 Crores and on consolidated basis the revenue was 658 Crores and there is almost 25% increase over the previous H1 of FY2023 versus FY2024 so we have done a good performance compared to what we had initially projected. Our initial guidance was for close to around 20% plus but we have clocked around a revenue increase of around 25% plus so we are also revising our whole year guidance for the revenue from 20% plus to ranging 22 to 24% as we see more traction for our businesses in domestic market as well as export markets. On the quarterly side the standalone revenue was around 320 Crores versus 264 Crores the previous year and on the consolidated basis revenue of Q2 was 337 Crores versus 274.7 Crores of Q2 of the previous financial year so again on the quarterly basis also we have seen a good growth of 22-23% over previous years. Overall the growth is around 25% if we compare H1 to H1 numbers. Profit has also grown very healthy. If you look at the profitability in standalone terms from 74 Crores PAT has increased to around 119 Crores and whereas EBITDA has also increased from 120 Crores to 167 Crores. On consolidated basis the EBITDA has increased from 117 Crores to 171 Crores and PAT has increased from 70 Crores to around 125 Crores so there is a pretty healthy increase in PAT numbers and EBITDA numbers. EBITDA margins have also increased if you compare from the previous year and again the guidance for the year is between 25 to 27% EBITDA margins for the whole year and we are on track to deliver that as we go along. If we compare our domestic versus export business it continues to be in the same trend. Export business is close to around 66%, 2/3 of the business is exports and 1/3 of the business is domestic business which is around 33-34% and they continue to grow in the same trajectory. If you compare H1 numbers to H1 numbers around 25% compared to previous years so there is healthy growth across both the businesses, and we also see similar trend going forward for next couple of quarters as we end this current FY2024.

The most important highlight for this current quarter and for H1 is that the exports to Europe has increased quite a lot. The export numbers to Europe have grown by almost 40% in spite of the current geopolitical situation in Europe and in Middle East, exports to Europe have seen a remarkable increase of around 40% as compared to previous years and if you compare quarter to quarter also H1 to H1 is also a similar growth of 40% in Europe. So, we are gaining more market share in Europe and we are adding more customers in spite of the fact that Africa has slowed down a bit. There is a slowdown in South Central America, also in Middle East there is a considerable slowdown in intake but still in spite of all these factors exports have still grown by 25% overall and we continue to see that traction going forward. I think of the current geopolitical situation we will see probably no impact during the year for export business. The company also received a CE certificate for plaster device under new European MDR. We are one of the very few companies which have received this kind of certification and this will also open the access for this particular product to European market and we expect some good results for this particular product because again the European MDR regulation is become very, very strict and stringent and in some category of products it is even more stringent than the US FDA so this is a very good sign for the company that we were able to get this certification and also there are a lot of other products which will be certified under European MDR in next 6 to 12 months and that will make the company fully compliant under the new regulation. We are already complied under the old regulation which is valid till 2027 but the company plans to accelerate this and get all products European MDR compliant by 2024 so we will be doing three years ahead of time, but we still have those three years but our target should do this three years before time. In terms of new products, new division our clinical care division has already been launched. We have hired around 7 to 8 new people and we are adding 20 more new people in next 4 to 5 months and critical care division which has products more under ICU and these are mostly import substitute products. We are also launching our cardiology division and this will go live by Q4 of FY2024. We have already hired 7 to 8 people in this division. We will be hiring another 10 to 12 new people in next 4 to 5 months so almost there will be addition of 50 new people in two new divisions and also we will be adding 50 more people in our existing divisions in India. Internationally also we have hired more people. In Europe we have hired just two new people new clinical managers who will be responsible for additional business in Europe as Europe continues to perform well to the overall growth rate of the company, so we are hiding more people in Europe to further solidify the business in Europe. In terms of EBITDA margins if you compare from Q1 to Q2 of the current financial year there is a slight drop but this is around 150 bps but this is mainly due to change in some product mix and some initial cost which were attributed to new product and new launches and some new divisions which have launched but overall it is well within that 25% range or 25% over range and we see that being maintained over next two quarters also so there is no change in guidance for EBITDA margins as I said between 25 to 27%. Also though in India we have grown at around 25% if you see H1 to H1 revenue we are further strengthening our India business as I said with two new divisions adding more people almost 100 people we will be adding during the year and out of this 100 people around 25 will be from the clinical side will be nurses and clinical application team so we are continuing to solidify our clinical application team so that when we are launching new products we are able to go strongly to hospitals and talk about clinical advantages of these products and most of these products will be import substitution products and they will have more higher margin compared to our existing products. So we are building that whole network and infrastructure to launch these products. Also if you if you recall I mentioned about the change in regulation, so from 1st October 2023 all medical devices sold in the country are now finally regulated. This whole process started on 1st April 2020, and it has taken three and a half years to regulate the whole industry, and this is a positive plus for the company because now everything which is sold in the country is regulated. Earlier we were struggling where lot of unregulated products were being imported into the country, also a lot of unregulated manufacturing was happening in the country but in last 12 to 18 months the government has appointed almost 200 new medical device officers and there is talks of new regulation coming for pharmaceutical and medical devices, a new drugs and pharmaceuticals act which will replace the old drugs and cosmetic act and this is a big change from the past where it is more proactive law where they are trying to bring in more ease of doing business for the med tech industry supported by new department where we have dedicated medical device officers and also lot of levy has been given to state drug controllers where they can regulate class A and B devices and C and D which are more critical will be regulated by the center so a lot of ease of doing business and everything has gone digital. There is no physical submission of documents today, it is all done online, all applications are reviewed online or all permissions are given online so that has actually added to ease of doing business plus almost 1,000 new licenses have been given to small companies, MSME companies to make medical devices in the country because earlier these companies were making devices, but not regulated, not licensed but now all of them fall under licensed category so a big change has happened in the industry in last few months.

Regarding the US business the first shipment has gone to the US last week so I am very happy to inform all our partners that this is a big milestone for the company that we have been able to ship the products to US after due inspection and now as the products reach the US market, I think we will see new orders coming in. We have already got a contract in place with one of the major companies in the US to sell these products in the US market and we are adding more products to this portfolio. We have applied for more products for USFDA and hope that by end of 2024 we will have at least 8 to 10 products which will be USFDA approved 510k approved and this will further strengthen our presence in the US market. There is a big traction as we all talk about China Plus One so there is a lot of interest coming from foreign companies to make in India or to outsource the products from India and with the new infrastructure we have created over past two and a half years I think that will be a big plus point for the company where we can take on new projects. We can develop new technologies and it will be much faster for us to take products to market and also there is a significant capacity increase for new products which we are going to launch in next few years and we are almost doubling the capacity for our renal business and also for new critical care products, cardiology products also there will be a new production line being set up for the new technology products. A lot of expansion is happening by end of FY2024 we would have spent close to Rs.500 Crores in new expansion which includes setting up of four new manufacturing plants, state of art facilities, and all these facilities will go live by end of this financial year so we will have the new capacity available to us early next year. Of course, it will take time to ramp up the plants to work on full capacity which we see between two to two and a half years but now we have the capability and capacity to scale up the business and scale up capacities for even existing products and new products. All subsidiaries remain in profit except the US subsidiary which was just formed last year and we just started shipping products to US. The first shipment has gone as I mentioned so our Italian subsidiary has seen a good revenue jump of almost 70% if we compare the first nine months of the current year because they work on calendar year basis so they have seen a revenue jump of 70% from January to September compared to last year in current year and they have also turned largely profitable. We continue to expand the manufacturing footprint there and we are going to more markets in Europe and Latin America. We are waiting for some registrations to happen so we will open more markets with these products which are made in Italy which are basically oncology products used in cancer treatment and the market for these products is growing very rapidly not only in Europe but also in rest of the world and at some point of time we will also start manufacturing some of these products in India and also push this products in the Indian market also. China sub continues to be profitable. We have not done any capex in last two, three years and also there is no further capex plan in China other than the maintenance capex to run that plant but there is no further investment happening and our idea is to make it at the current status quo and not add any new products or new production lines there. Egypt of course is facing through a challenging situation. We all know the current geopolitical situation in Middle East but the company is profitable. They have done well. They are expanding revenue by 10 to 12% in last 6 to 8 months, year on year there is growth and company remains profitable and in spite of the challenging environment there in Middle East the company is running on full capacity and we continue to strengthen the technology there, the manufacturing infrastructure there to ensure that we can cater to the emerging needs in nearby markets. Again when we look at further capabilities which we are developing there is a huge capability enhancement in terms of building new generations of devices. We are trying to see whether we can combine drug and devices together. We already have couple of products like blood bags where we have drug and device combination. We have prefilled syringes where we have drug and device combination so we are looking at new generation of devices and this is a biggest area to work on and we are doing some R&D in this area already and expanding our presence in this space. On the product development we are further adding close to around 30 new products in intervention cardiology some of these products will be launched in Q4 and some of these products will be launched in Q1 and Q2 of next financial year and then later on during the next financial year we will be adding another three to five products so currently a lot of investment is happening in development of these devices. We have already received manufacturing licenses for six of these products already from CDSCO, DCGIs office. We are waiting licenses for six or seven new products in next three to six months and this portfolio will again put the company in the next orbit where we will be directly working with doctors in catalyst for intervention cardiology products like products used in angiography and angioplasty. This is a big area not only in India but we will also expand our footprint because Polymed as a majority of business is export business so as time progresses we will also take these developed products to export markets which also opens a big opportunity for company in next coming years. The company is currently net debt free, the long-term debt is currently approximately 20 Crores which will be fully repaid by mid of next financial year.

Our short-term debt is close to around 100 Crores which is mainly used for working capital needs. The current cash and cash equivalents are close to around 290 Crores and we continue to work efficiently and diligently and conserving cash for expansion activities. The company is also setting up a new gamma radiation plant for sterilization. This will make the company self-sufficient over a period of time for sterilization activities. Currently we use third party vendors and again this is also a major step in terms of making self-sufficiency in terms of all activities to be done for production. The government of India has recently launched a research link incentive scheme which talks about new generation of medical devices especially which are based on digital technologies. The scheme has been finally been announced but the controls have not been finalized till now. We hope in next few months the scheme will be fully finalized by the government so we are evaluating the possibility that can Poly Med get into some new generation of technology devices and take advantage of this scheme. Currently we already have dialysis machine which we have developed over last three to four years and this machine will have almost 50% local content and already with our own indigenous made machine we have already seen over 3000 dialysis sessions over last 6 months and the performance has been quite satisfactory and now we have started scaling up. Of course we will sell more than 200 machines this year but the idea is to scale up now with the locally made machine and grow the business and take almost 10% market share which is currently in India almost 4,000 machines are being sold annually and there are 40,000 machines placed in various dialysis centers but we see that now government is being a kind of a caregiver where they are giving free dialysis to patients and I think a lot of private sector players are trying to enter this segment and especially in the service segment where they are buying our consumables and providing service to patients through government schemes and also Ayushman Bharat has been covering dialysis treatment which is recently happened so that segment will also grow and with PPO ordering, purchase preference order in place and with 50% local content we also plan to garner our significant share of dialysis machines in the government and autonomous institutions which buy these machines regularly. This is another area of growth for us so we continue to expand there and we are pretty happy with the progress of the current machine which we have installed so with this I will end my comments and thank you very much again for listening to me and these were some of the highlights of Q2 and if there are any questions I will be very happy to answer to them and give explanation on what we have done so far. Thank you again for your time. I am looking forward to talk to you. Thank you.

Moderator: We will now begin the question and answer session anyone. The first question is from the line of Karan Khanna from Ambit Capital. Please go ahead.

Karan Khanna: Thanks for the opportunity and thanks for the very detailed introductory comments and congratulations on a great quarter as well. I have three questions Sir first on your us business as for your us FDA filings you have received additional site 510k approval for a range of IV catheter during the quarter so what kind of potential does that open up for you and as a followup given you have demonstrated substantial equivalence of your devices with pedicure device devices of global MNC such as B Braun, Baxter are you looking to replace these manufacturers as well in the US market.

Himanshu Baid: So you are right absolutely we have received 510k approvals for IV catheters and we have also received some new approvals recently and of course if you recall in my previous calls I said we are going with a bouquet of products not only one product. There will be almost a bouquet of 8 to 10 products over next about 8 to 12 months and we expect that revenue coming from 8 to 10 products over next 3 to 4 years which will between $15 to $20 million so that is the guidance we have given and this is the initial set of products and of course as time progresses we will be adding more products in the portfolio because the market is progressive and that is how we will develop it and of course we have proved our substantial so what we are trying to prove that the quality of Poly Med products is equal to products and the performance and quality of products equal to products made by very large multinational companies and we are able to prove the excellence of our devices with that so that will open up the US market and especially the customers or the hospitals using our products will see that equivalence of these products are products with large multinational company product so definitely the idea is to replace them and bring in Polymed. Of course, it is going to take a long time. Those companies have been in the US market for many, many decades but again that is a journey we will have to take.

Karan Khanna: Sure that is helpful. My second question is on your growth guidance. When you upgraded your guidance for FY2024 how should one think about the growth guidance for the next 2 to 3 years as a followup with your cardiology division and your critical care division also coming on stream by end of FY2024 how should one think about revenue contribution from these businesses in the next 2 to 3 years.

Himanshu Baid: So first I will talk about the new divisions, so these are new divisions which are starting. If you recall our renal business which we started four years ago so it has almost taken let us say the market is around 1200 to 1500 Crores so it has just taken us around 4 years to reach the revenue of around 100 Crores in this business so we will end close to let us say 100 Crores maybe 90 Crores in that range so it takes time to build up a new business, critical care product again it needs a lot of clinical teaching, lot of clinical CME sessions so we are engaging there in this but we see a great potential in both the divisions in critical care and cardiology is completely dominated by multinational companies especially intervention cardiology and critical care products so our idea is to bring in higher technology products and I cannot give you a number because we are still in the very initial phase. We have still not launched many of the products. Cardiology will be launched only early next year and probably during the next year and critical care has just been launched few weeks ago so we are actually in the initial phase but maybe I will have more clarity maybe in next 4 to 6 months where I will give you some more better understanding on this business. We have not shared the guidance beyond FY2024 but maybe in subsequent calls I will be able to give you guidance for FY2025 and 2026. Of course, with new plants being operational I think we should be able to maintain a steady growth rate of over 20% in the next couple of years. This is what I can tell you right now.

Karan Khanna: Sure and a last question at the end of your 500 Crores capex cycle which ends in FY2024. Now you are already sitting on 150 Crores of net cash on your balance sheet and generating fairly healthy operating cash flows as well yeah so where would you look to deploy the extra cash beyond your capex needs say from FY2025 onwards that would be last question, thank you.

Himanshu Baid: So I think this is a very capex heavy industry and needs constant investment so we have to up our anti on R&D as we get into cardiology and critical care we have to increase our spending's on R&D and bring in some new capital equipment for R&D so we have to work in that direction and this medical device industry if you look at the global industry it grows through acquisitions and MNAs and we have done one acquisition in 2019 and I have talked about a few minutes ago that how important it is for us in terms of oncology products and it is growing very steadily so if we find any new opportunity we will definitely deploy our surplus crash into this new opportunities.

Karan Khanna: That would be my last question. Thank you and best wishes for the festive season to the entire team.

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

Rashmi S: Yes, thanks for the opportunity. Just on the sales guidance front basically you have mentioned that there is a change in the overall medical regulation and ahead say in next 3, 4 years I know that we will be growing gradually but in next 3, 4 years the mix would remain similar, or we feel that the contribution from the domestic business is likely to go up in a big way.

Himanshu Baid: We think that the mix will remain the same because Polymed has a very strong global presence and our business model as it looks like for next 2, 3 years we see it 2/3 exports and 1/3 local market. Because if you look at five years history it is also in the similar range so we probably in next 2, 3 years also will remain like that because both the business are growing at the same percentage level so I think we are very happy and confident that we will stay in that range only.

Rashmi S: Okay and when you mentioned the US business that you are trying to take up the MNC market share and those companies are already in the industry for decades so is it like we are going to play on pricing that we are going to give a discount compared to the MNC products or it will be more or less similar so if you can just give more colour on how we will be able to achieve that kind of market share from them.

Himanshu Baid: I think the most important thing is I think you have already said that and because you already mentioned asking the question so if you produce an Indian and maybe an equivalent quality product so there definitely will be a price area because once you have to prove your performance and quality equivalence first so that we have proven that our product is equivalent in quality and performance so based on that and if we are able to let us say break the price barrier then probably we will have a better way of addressing that market. Of course, we will continue to bring in Innovation, some incremental changes in the product as time progresses but of course you are right because being in manufacturing in India definitely we will have the price advantage.

Rashmi S: Okay and Sir in the domestic business how much was the renal care contribution for this quarter and first half and how much it has grown.

Himanshu Baid: So renal business contribution was close to 40 Crores and probably by the end of the year we should be close to 90 Crores or so that is what I mentioned earlier and second half looks to be more stronger for us and also Y-o-Y has grown around close to 30%.

Rashmi S: So, this is the growth which you are talking about is for the Q2 FY2024.

Himanshu Baid: H1.

Rashmi S: H1 so 40 Crores you have done in first half right.

Himanshu Baid: Yes, that is correct.

Rashmi S: Okay and what about your infusion segment that contribution if you can give it.

Himanshu Baid: Madam we do not give the contribution. This is a confidential number.

Rashmi S: Okay as a total sales also earlier you used to give it.

Himanshu Baid: We have because the numbers are not in front of me right now but specifically you can send an e-mail then we will be share with you.

Rashmi S: Okay Sir so on your gross margin front I understand that you mentioned in your comments that due to the sales mix we have lost some gross margin in this quarter on quarter-on-quarter basis but you have not seen any sort of inflationary pressure on your raw materials is that correct to understand.

Himanshu Baid: Yes, that is correct because there has been a very slight correction in raw material prices if you see between Q1 and Q2 because of higher crude oil pricing but we do not see a major impact and that is the reason we are still maintaining a guidance of 25% even for the next half of the year.

Rashmi S: Understood Sir and my last question is related to the other expenses. This quarter you mentioned that the cost associated to new products have gone up and that is the reason our other expenses have gone up but in the coming quarters also you mentioned that there will be new launches, the company is going to catch the launch momentum so is this number fair to take it for rest of the quarters to model how you feel that this number is likely to go up.

Himanshu Baid: Revenue also started for critical care and the revenue will start also for cardiology products in next quarter so I think that then it will even out because once the revenue starts then the expenses will core end with the revenue.

Rashmi S: Critical care and the cardiac, both products are basically will be catering for the export market or for the domestic.

Himanshu Baid: Of course, it will be domestic because we need almost 2 to 3 years to get regulatory approvals for global markets so any new product launched today from India and if you have to go to developed markets in Europe or US it takes 2 to 3 for any company not even us, for any company.

Rashmi S: Understood Sir. Thank you so much.

Moderator: Thank you. The next question is from the line of Vishal Manchanda from Systematix. Please go ahead.

Vishal Manchanda: Thanks for the opportunity. Sir with respect to the new medical device regulation you shared that class A, class B devices would be regulated by the state regulators and the class C and D would be so could you share has this in anyway impacted existing competition so basically have competitors exited the market.

Himanshu Baid: Because Poly Med was already a fully regulated company. Because we are already exporting our products as I said earlier 50% export is coming from European market for Polymed so we are already in the highly regulated markets of the world so we were anyways regulated, the impact was coming from unregulated companies and also affecting the quality of the product but we will see the impact of regulation over next 2, 3 years not happening because lot of companies have to upgrade the facilities, some have upgraded, some have not and some have to upgrade the product also because there are now 1400 standards for medical devices so this is all going to change and we are going to see an impact so for us I will say India market offers a very exciting promise because with everything else getting regulated now we have a good traction for products and also we are seeing a lot of increase of revenue in corporate hospitals so all that will impact because earlier corporate hospitals were worried to buy local products because they were not regulated and they could not distinguish between a good or a bad company but with now regulation in place now everything is at par so the companies which will be regulated there is a good future and especially companies who have prior history and who have been in the market for a long time will have a better market going forward.

Vishal Manchanda: Just a follow up on this so should I understand Poly Medicure already has approval from the regulator.

Himanshu Baid: Yes, we do have for all the products we manufacture we do have.

Vishal Manchanda: Just so this can become a differentiation value.

Himanshu Baid: Of course, that is what I am trying to say absolutely.

Vishal Manchanda: And any number as to how many players in your space of products would have those approvals.

Himanshu Baid: I do not know the data, that data will be with DCGIs office. I do not have access to that information.

Vishal Manchanda: Just one more what percentage of your sales would be from class C and class D devices which are regulated by the center.

Himanshu Baid: Majority of our products fall in class B and C.

Vishal Manchanda: Okay just on the gamma radiation facility that you are setting up so just wanted to understand how much you would save basically on account of this.

Himanshu Baid: It is not about saving for example today most of the gamma radiation facilities in India work for multiple products they work for food grains, they work for let us say sea product like fisheries lot of stuff is being today gamma radiated for export and typically we have a challenge that some of the facilities do not comply with global standards for sterilizing medical devices and to mitigate that risk we are trying to set up our own plant. Of course, once we have in-house facility, we will save some cost. The facility has not started so I cannot give you a number probably once we establish this facility by let us say Q3 of next financial year then probably we will be in a better position to answer this question, but it is again to improve the regulatory compliances and ensuring that we follow the best standards in the world.

Vishal Manchanda: That is all from my side.

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

Girish I Jain: Sir! Thank you for the opportunity and congratulations on the good set of numbers. Just wanted to get a sense of the US business you mentioned that the first shipment is gone and by the end of this financial year we expect to get approval for 8 to 10 products.

Himanshu Baid: Next calendar year.

Girish I Jain: Okay next calendar year so earlier in the previous calls the management had guided $15 to $20 million as the potential revenue from the US business by next three years is there any change in that.

Himanshu Baid: No there is no change in that because we are still in the initial phase Girish ji so we cannot give you anymore clarification right now. Once we have more products which are FDA approved then we will be able to maybe change our guidance after maybe 6 to 9 months maybe that is where we will see more visibility coming in but the current pipeline of product, I think we are still good with $15 to $20 million.

Girish I Jain: Okay and Q3 and Q4 were expected to see the two new plants getting operationalized any update on that.

Himanshu Baid: Yes, they are on track so of course in Delhi we have still a very bad situation I am sure you are reading in the newspapers regarding pollution and stopping of all construction activities so we are delayed by one or two months I think that i's the only thing but more or less these plants are almost getting ready and hopefully by Q4 all the four plants should be fully operational.

Girish I Jain: Excellent okay that is all from me thank you and all the best.

Moderator: Thank you. We have the follow-up question from the line of Vishal Manchanda from Systematix. Please go ahead.

Vishal Manchanda: Just a quick follow up on the US about 8 to 10 approvals we are targeting there. Would you be able to kind of share some colour on the market size of those.

Himanshu Baid: Sorry Vishal these are all confidential questions I cannot share right now. I cannot disclose which product we are talking about. This is very sensitive to the company's business.

Vishal Manchanda: Okay so not even market opportunity.

Himanshu Baid: No, I cannot share that now.

Vishal Manchanda: And is the market fragmented in the US.

Himanshu Baid: No, it is not fragmented. Market is very consolidated with 5 or 6 large GPOs managing that business.

Vishal Manchanda: Would the US approvals in any way improve your prospects in the domestic market.

Himanshu Baid: I do not think so, that does not matter here.

Vishal Manchanda: Okay thank you Sir.

Moderator: Thank you. The next question is from the line of Hemal as an individual investor. Please go ahead.

Hemal: Sir thank you for the opportunity. I am new to this company I just have one quick question in terms of your raw materials what are the key raw materials how do we think about them and how are their pricing is it volatile or very stationary or do we have contracts that make it very stable for 3 months, 6 months if you can shed some light I would really appreciate it and apology if this has been answered in prior calls.

Himanshu Baid: Absolutely Sir, no problem at all. I will be happy to answer this so mostly raw metals are medical grade plastics which are coming from outside India most of our 70% of our raw metal is imported but as you know plastics is more or less governed by crude oil pricing globally, so it fluctuates because of crude oil pricing. Of course last year maybe very high cycle, the cycle went down in the initial part of this year but because we have a very mixed variety of products and of course we use steel because we use big needles we use different also materials which are used in manufacturing from silicone to lot of other materials and our raw material let us say contribution is only 35% to the final product cost so that makes us quite resilient to these changes and if there is a fluctuation also we are able to manage it very well but of course we do not have long-term contracts because none of the companies are on long-term contract to sell plastics, globally this does not happen.

Hemal: Okay thank you for that, so mainly plastic is the main ingredient.

Himanshu Baid: It is Sir.

Hemal: And absolutely final you were talking about the renal machine you said 400 per year is there you want to take this right.

Himanshu Baid: Market is 4,000 a year, the new machine market and current placement of machines is 40,000 so plan to take 10% market share in next couple of years, move to 400 machines so that is what we want to do and then gradually move up the ladder.

Hemal: And each machine would be Sir how much approximately.

Himanshu Baid: Each machine is roughly around 6 lakhs to 7 depending on the model 6 to 7 lakhs.

Hemal: 6 to 7 lakhs. Okay this is it. The rest all have been answered. Thank you, Sir, appreciate it.

Moderator: Thank you. Ladies and gentlemen, as there are no further questions from the participants, I now hand the conference back to the management for the closing remarks. Thank you and over to you.

Himanshu Baid: Yes, thank you very much and thank you everyone for your questions and thank you again for participating in the company in various ways and we look forward to receiving your support and guidance in coming years and if you have any individual questions feel please feel to ask our CFO or company secretary. You can send an e-mail and we will be happy to answer them and if some of you want to visit our factories, please inform our company secretary or CFO and they will be able to arrange a visit for you and take you around our facility. Thank you again and look forward to speaking to you soon.

Moderator: Thank you very much. Ladies and gentlemen, on behalf of ICICI Securities that concludes this conference. Thank you for joining us and you may now disconnect your lines.