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POLYMED

Date: 10th February, 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 Q3-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 03rd February, 2025, at 16:30 P.M. (IST) on the Un Audited Financial Results of the Company for the quarter and nine months ended 31st December, 2024, on Standalone and Consolidated basis, which were considered and approved by the Board of Directors of the Company, at its meeting held on 03rd February, 2025.

This is for your information and record.

Thanking You,

Yours Sincerely

For **Poly Medicure Limited**

AVINASH CHANDRA
Digitally signed by AVINASH CHANDRA
Date: 2025.02.10 13:04:39 +05'30'

POLY MEDICURE LTD. New Delhi

Avinash Chandra
Company Secretary
M. No. A32270

Encl: As above

"Poly Medicure Q3 FY25 Earnings Conference Call"

February 03, 2025

MANAGEMENT:	**MR. HIMANSHU BAID - MANAGING DIRECTOR, POLY MEDICURE LIMITED**
	MR. NARESH VIJAYVERGIYA – CFO, POLY MEDICURE LIMITED
	MR. RAHUL GAUTAM - PRESIDENT STRATEGY AND CORPORATE DEVELOPMENT, POLY MEDICURE LIMITED
MODERATOR:	**MR. ABDULKADER PURANWALA – ANALYST, ICICI SECURITIES**

Moderator: Ladies and gentlemen, good day and welcome to the Poly Medicure Q3 FY25 Earnings Conference Call hosted by ICICI Securities.

As a reminder, all participant lines will be in the listen only mode and there will be an opportunity for you to ask questions after the presentation concludes. Should you need assistance during the conference call, please signal an operator by pressing "*" then "0" on your touchtone phone. Please note that this conference is being recorded.

I now hand the conference over to Mr. Abdulkader Puranwala from ICICI Securities. Thank you and over to you, sir.

Abdulkader Puranwala: Yes, thank you, Zico. Good afternoon, everyone. On behalf of ICICI Securities, I welcome you all to Q3 FY25 Earnings Conference Call of Poly Medicure Limited.

Today on this call, we have with us the senior Management Team of the Company. We are represented by Mr. Himanshu Baid – Managing Director; Mr. Naresh Vijayvergiya – CFO and Mr. Rahul Gautam – President (Strategy and Corporate Development).

I would like to thank the management team of Poly Medicure for giving us this opportunity to host their call and with this, we will hand over the call to the Management. Over to you sir. Thank you.

Himanshu Baid: Yes, thank you very much Abdul for hosting this call. Again, good afternoon to everyone who is on the call. And I will take you through the quarterly highlights of the quarter three of Poly Medicure. Just to begin with, I am sure you also read the presentation which has been uploaded on the Company's website, but people have not seen it.

I will just highlight the numbers once again.

So, the consolidated revenue in Q3 FY25 compared to FY24, has seen a growth of around 24.9%. Revenue is growing from Rs. 339 crores to Rs. 424 crores. The EBITDA has also increased from Rs. 91 crores to Rs. 116 crores, we are talking about the operating EBITDA. Consolidated EBITDA, we have seen a net improvement of around 65 bps, roughly, in that consolidated EBITDA, compared to quarter three to quarter three. PAT has increased from Rs. 65 crores to Rs. 85 crores. Return on capital employed is around close to 23.9%. This excludes the amount raised to QIP in August because that has not been deployed so far. So, that's the reason we excluded this amount. But whatever deployed so far has been, you know, has given return of 23.9% ROC term.

The net cash available in the Company is close to around Rs. 1,074 crores is a net of all working capital and everything, and which includes Rs. 900 crores raised through QIP. Out of the QIP procedure of Rs. 1,000 crores, Rs. 100 crores are deployed in the working capital and expenses, and rest is gradually being used as new plants are being built, as announced earlier in the QIP.

The number of devices we have sold has also increased from 26 crores to 32 crores in quarter and number of patent additions has been around close to nine additions, so total patents are now 334. In the quarter, we have also added 23 new people in the sales team. So, this was the quarter highlight, and I will also take you to the nine months summary for the preceding 2 years. So, FY25, consolidated revenue, has touched now Rs. 1229 crores versus Rs. 998 crores, again, an increase of 23.2%. So, as you remember, recall in the earlier part of the year, we had given a guidance of close to 22% to 24%. See, we are very close on that guidance, and we are very much within the range. Also, EBITDA, if you look at percentage EBITDA has increased from 26.5% to 27.4%. There's almost a 95 bps improvement. And we have guided in the initial part of the year for EBITDA improvement of 100 to 150 bps.

The consolidated EBITDA has also increased from Rs. 264 crores to Rs. 336 crores, and PAT has increased from Rs. 190 crores to roughly Rs. 247 crores. Again, number of devices sold has increased from 81 crores to 96 crores. And if you see the number of phase associates added within this nine months is 64 people. So, total strength is now close to 475 people. In initial part of the year, we had also commented that we will be adding 100 more salespeople. So, in these first nine months, we have a net addition of 64 people. So, we added more people, maybe some of them, so the net addition is 64. And this is especially across two new divisions, cardiology and critical care, where we added most of the people during the year.

I will also talk about some few updates during the quarter:

First, we received our regulatory approval, the CDSCO license for DES drug-eluting stent. And very soon we are going to commercialize the product. The first stent will be implanted in this coming week, first few stents. And as we go further, then we will see this commercialization along with the balloons to be launched together. Also we had set up a JV with AMPIN in Haryana to give us 9.9 megawatt of solar power. Polymed has made a commitment of Rs. 3.6 crore in this JV. And this is in line with our goal of running our plant completely on green power. And hopefully this will be operational by end of September, October. And after that, most of the polymed manufacturing facility will be running on green power. And this is in line with our goal to reduce our carbon footprint by 30% by 2030. And also, we are seeing a big change in the requirements in Europe, where more and more focus is given to green energy products being produced using green energy.

Also, we have recently done a groundbreaking ceremony of our new plant, which was also part of our, you know, to establish part of our QIP proceeds. This plant is coming in Palwal, Haryana. And this will be one of the largest plants of Polymed. And hopefully we should be able to commission it between July, August to maybe in that period of 2026. That is the current plan. You have seen that on the revenue side, there is steady growth and also the Company has sufficient net cash balance also go for new CAPEX. So, current year, CAPEX is close to around Rs. 222 crores in nine months. And the plan was to invest close to Rs. 300 crores. Now all this money has been invested through internal accruals. We haven't used any money raised through QIP because this CAPEX was done for existing plants. And more or less by end of May or June, the CAPEX and the current plans will be complete. And then all the QIP proceeds will be used for the three new plants, which are under construction right now, and will go live in 18 to 21 months. Also, the Company received the CII Industrial Innovation Awards 2024, and also received CII International Intellectual Property Awards 2024.

On the margin side, I think there's a constant endeavor to improve the margin. And as we have launched two new category of businesses, oncology and critical care, so we have almost added 60 people in this category. Currently these businesses are just brand new. It will take at least two to three years to ramp up and scale up. But meantime, the current team is helping us to enter some new hospitals and also build up the business for these new categories.

Coming to the current scenario on the FOREX side:

I think currently the Company does not have any hedging, almost close to only 0.7% of hedging on the FOREX. So, we have open exposure to all the FOREX. And I think with the current scenario, hopefully this should be a helpful scenario because markets being very volatile, it was important to stay open, keep our exposure open and not stay hedged. And as we are a net exporter, and we are a net earner of foreign exchange, so any fluctuation in foreign exchange does not impact P&L in anyway. So, that is more or less neutral for us today.

On the segment wise analysis, of course, if you look at nine months, infusion therapy is the largest segment of the Company, contributing close to around 70% of the revenue, followed by renal, which is now close to around 8% to 9% of the revenue. But if you see the growth rates in infusion core business is around 25% in the first nine months. And renal, where we had initially projected a growth rate of over 50%, if you see the first nine months performance, the growth is close to 56%. So, that is now really taken off well. And we have also expanded capacity. Some new capacity is coming up in April also, which is currently under installation. And hopefully we will be able to scale this as further up in coming years. Currently, the Company holds around 10% to 12% market share, by the end of FY25 we will have around 10% to 12% market share in the renal category. And we continue to push more machines and push more products in this segment.

On the domestic business side, if you see, we are back to growth in the domestic business. And domestic business is now growing more steadily. If you see the previous quarter, domestic business has grown by 23.8%. And as I promised you in the last quarter that we are working hard to improve this growth rate. So, we are now back to over 20% growth rate. As we had a first quarter low growth rate, so overall growth rate is only 16.7%. But now within the quarter, we have started growing better. And hopefully, the current financial year, we should end up more than 20% overall growth rate in the domestic business.

Exports in the first nine months have shown a great growth. They have been growing at around 28% closely. And if you look at the quarter itself, it's grown by around 30%. So, overall, we are on track to deliver the committed growth.

In terms of geographical mix:

Europe has overall grown by around 30% in nine months. Last quarter growth was around 20%. And I think overall we should end up between 27%-28% growth for Europe by the end of the year, which is a very healthy growth. And that's how the world is also grown by around 27%. So, if you look at the mix of the business, today we have almost 31%-32% business in India followed by around 31%-32% business in Europe, and around 37% business in the rest of the world. So, 38%, this is the mixed which is very similar to mix which we had told initially in the beginning of the year. And probably we will continue with the same trajectory till the end of the year as we see it right now. And so exports will be around close to 70% for the whole year and domestic business remain 30% and 31% in that range. So, these are a few of the updates on the business.

And of course, we continue to be on the heavy CAPEX cycle with plants coming up, additional capacity being built. And on the US business side, we are building on the current product portfolio, revenue has started kicking in, of course it will take some time. We see the first stronger wave coming in FY27 because we have some more products to be included in the list, and they're undergoing some clinical trials and regulatory approval, and they will also start contributing to revenue maybe end of this year or early next year. So, that is what we are targeting. But from the current product also, we are expecting some good growth in coming quarters. Of course, there are some changes happening in the US right now with the new tariffs coming in. So, they don't impact India as such, but I think as these tariffs are also in China and maybe even if it comes on India, it will be neutral for us because it will be equally applicable to all the countries. So, we don't expect any impact of this tariffs. And plus, US business is currently very small portion of our business, so we don't see any impact of this tariffs on the current business. So, I will stop here and then of course, I will let you ask if you have any questions, please feel free to ask me questions. And we are very confident that we will be launching more products in the next few years. So, in the current pipeline, we have close to 50 products which we launched between one to two years. In the last three months, we have launched around 15 plus products across our four different categories and there's a lot of plans to bring more products and also we are trying to look at new opportunities in equipment space if you can expand that area also because our dialysis machine has been very successful. And now we have achieved a run rate of close to 40 to 50 machines a month. And as time progresses, we see further increase in that capacity in the next year. So, overall, we have a strong current tailwind on the dialysis business and equipment business. So, we will continue to build some new capabilities around them.

With this background, I'd like to hand over call back to the operator to answer any questions that might be from participants on this call. Thank you again for listening. Thank you.

Moderator: Thank you very much. We will now begin the question and answer session. Anyone who wishes to ask a question may press "*" and "1" on the touchtone telephone. If you wish to remove yourself from the question queue, you may press "*" and "2". Participants are requested to use handsets while asking a question. Ladies and gentlemen, we will wait for a moment while the question queue assembles. The first question comes from the line of Vikram who's an investor. Please go ahead.

Vikram: Hello sir, can you hear me?

Himanshu Baid: Yes, I can hear you Vikram, please go ahead.

Vikram: I just wanted to know with regards to the drug-eluting stent, if you could share some more details like what are the addressable market, how does our product compare with the competitors, any differentiating factor?

Himanshu Baid: See basically we have just entered the market, so we are a newest entrant in the market. But again, what we are trying to do is also get drug-eluting balloon with the product. And most of the companies today import that product from outside. So, here, Polymed is going to manufacture everything inhouse, and that will make us more competitive. And also, we are looking at the construction of the stent. So, our stent probably has the best maneuverability, and that is what we will do. But of course, we will have to go through a clinical trial cycle and everything, which is going to take a while. But with the help of stent, we will be also able to sell all our cardiac consumers we have launched recently. Whether our diagnostic catheters or our guidewires or let's say balloons, other balloons, so that is what it will help us to sell these products in the market.

Vikram: Thank you, sir. Any meaningful timeline for this product to be meaningfully impacting our revenues in the future?

Himanshu Baid: No, it's a new product and then only time will tell, but I think we are very confident with the approach we have. I think the cardiology business itself, we have already guided that it will take some time, but I think we are building it up for the moment. But I can't guide you on a revenue number for this particular business because it's too early. We just received the license last week only.

Vikram: Fair enough, sir thank you.

Himanshu Baid: Once it will be subsidiarized, I will able to give you more information.

Vikram: Fair enough, thank you. Just one question on the dialysis machines. I just wanted to know how will this improve our margin profile in the future as this keeps growing if there is any guidance on that. Thank you.

Himanshu Baid: So, dialysis as a business, it's a new business, 4 or 5 years old business in the Company. Well, let's say if you look at Infusion Vascular, it's around 25 years old business. So, this is a new business. And now we have seen a ramp up in the capacity capability. And as we sell more and more products, then the cost of doing business will come down, the operational cost. So, definitely it will help us to improve our margins. And for first 3 years, we are not able to get PLI. So, our target is that next year also take PLI because we already are under PLI, but as we were not able to fulfill the aggressive targets set on PLI, so we were not able to get it. So, hopefully this next year, financial FY26, we will also get some contribution from PLI for this business. I can't quantify the number because…

Vikram: Hello, can you hear me, sir?

Moderator: Yes, we can hear you. Sorry to interrupt..

Vikram: Yes, just one question if I may, and then I am done, sir. So, the last question I had was, just to get a clarity on the dialysis business, we are only selling the machines, no, sir. There is no lease model or rental model, nothing?

Himanshu Baid: Sorry, I got disconnected, something wrong.

Vikram: My last question was, sir, just to get the clarity on the business of dialysis machines. We are only into providing the machines, no sir, selling the machines. We are not into rental or leasing models?

Himanshu Baid: No, we also sell consumables, all the consumables.

Vikram: Okay, perfect. That's it, sir. All the best for the future.

Moderator: Thank you. A reminder to all the participants, you may press "*" and "1" to ask a question. Ladies and gentlemen, you may press "*" and "1" to ask a question. The next question comes from the line of Rashmi from Dolat Capital. Please go ahead.

Rashmi: Yes, thanks for the opportunity. Just need some clarification. The 50 product launches which you said that over a period of 1 to 2 years and across four different categories, these are what categories? And these products will be launched in which all markets, will it be exported also?

Himanshu Baid: Yes, first, so Rashmi, of course, we are not disclosing the product because this is confidential, Company's business. But this is what we are developing will come across mainly across the core two categories which we have just started, cardiology and critical care and then followed by some existing in vascular and in renal, we will add also few new products. So, there are around 50 SKUs we are working on, which will be added across. And we start with India first, and then go to global market, because we will have to wait for regulatory approvals to come from each country to sell in those markets.

Rashmi: Understood, got it. And your dialysis machine, you said that the run rate, now it is 50 machines a month.

Himanshu Baid: 40 to 50 machines.

Rashmi: Yes, so for nine months, how much we have done, and are we on track to achieve 500 installations this year?

Himanshu Baid: No, we will not be able to do 500 installations this year. This year we will be able to do between 300 and 350 installations. I don't have a real figure, but it should be around 350 plus. And then next year maybe we will double the installations.

Rashmi: Okay, and till now how much we have done? I mean, right from the stage where we started?

Himanshu Baid: I don't have a number right now. Rashmi, I can't give any number right now.

Rashmi: The next question is on stents. Stents is already under price control. And we are going for that particular product. So, what is the strategy behind that and is it that since it is a price control product, it will be a little low margin business or?

Himanshu Baid: No. So, price control is at the upper end of the segment not at the lower end of the segment. So, there is a big delta between the X factory price and the finished product price. So, average tent price in India, Indian stents around Rs. 10,000 to Rs. 12,000 whereas the price control is at Rs. 40,000 set.

Rashmi: Rs. 40,000 a set?

Himanshu Baid: Yes, roughly around Rs. 40,000. So, there is a big delta available.

Rashmi: So, our price will anyways be lower than the ceiling price.

Himanshu Baid: No, nobody operates at ceiling price. Ceiling is the maximum which we can sell at. So, nobody sells at the ceiling price.

Rashmi: Okay, and to that extent, but we will be able to take the price hike only equivalent to the WPI rate, right?

Himanshu Baid: Yes, so that's fine. That's absolutely fine, because there's enough already margin on the table.

Rashmi: And generally, on the blended basis, your blended portfolio in the domestic market, generally, what is the price hike which we take every year?

Himanshu Baid: It depends. So, sometimes the contracts are longer, you don't get a price hike. But typically, we can take between 3% to 4% price hike per year.

Rashmi: 3% to 4%. Okay sir, thank you. That's it from my side.

Moderator: Thank you. Ladies and gentlemen, you may press "*" and "1" to ask a question. The next question comes from the line of Tanmay Gandhi from Investec. Please go ahead.

Tanmay Gandhi: Hi sir, congrats on a good set of numbers. Sir, my first question is on gross margin. So, the gross margins have declined by good 300 bps sequentially, right? So, this is largely due to the revenue mix or is there anything on raw material pricing to call out for?

Himanshu Baid: No, I think gross margin, I don't see it declining so much. I think overall, I think gross margin is still around 65%, I think, if you look at the number.

Tanmay Gandhi: Sequentially, I think sir the gross margins will decline.

Himanshu Baid: Maybe it's because of the revenue mix there. Otherwise, if you look at overall EBITDA margins, they remain the same. They're better, actually.

Tanmay Gandhi: And sir, so as there is no raw material inflation that we are witnessing that?

Himanshu Baid: Not at the moment, but it may change depending on how things shape up in the next few months. We don't know right now, Tanmay. But so far, I think we typically track EBITDA margins. And of course, gross margin is around 65%. If that is within that range of 1% to 2%, I think we are pretty much fine with that.

Tanmay Gandhi: Understood. And secondly, if I look at your average realization per devices sold, right? That comes around at Rs. 12 to Rs. 13. So, I just wanted to understand that what would be our low realization product which would be dragging the average realization because 12 looks really low?

Himanshu Baid: Actually, been the same. If you see, there is no change. Tanmay, if you look at earlier commentary also or maybe earlier quarters also is in the same. But the most important part here is today if you see our growth is not let's say the number of pieces sold is not directly, so we also have seen that if that is increased by 19% odd let's say devices sold in nine months, but the revenues increased by 23%. So, that is what clearly showing that we are able to also take a better price from the customers. If you look at the nine months performance, Tanmay and if you have the presentation, if you look at the devices sold, growth is 19% in nine months, whereas the revenue has increased by 23%. So, that is what we are now tracking right now, and that's the reason we have shared these numbers, that we want to track these two numbers also internally.

Tanmay Gandhi: So, I get the price growth point, right? But what I am trying to ask is that what are the low value products which are sitting in our base?

Himanshu Baid: At Polymed, we don't sell too many of those machines. So, we are mostly a consumable Company. Consumables are always priced at low point.

Tanmay Gandhi: Yes, understood.

Himanshu Baid: Because we are making disposable. So, disposable are not that very high. Now we are entering the new space of cardiology and let's say critical care and oncology. So, that there we will see more higher priced products being sold.

Tanmay Gandhi: And sir with this stent approval, we have entered the implants category as well, right? So, now probably we are across all three major categories, right?

Himanshu Baid: Right.

Tanmay Gandhi: So, is there any plan to enter more such implants? And now we see implant as a category because this is...

Himanshu Baid: So, we are already in oncology, and we have also launched oncology implants, the ports, chemoports, we have recently launched in India. So, that is also another product, which is class 3 device and is implantable device. So, we are getting more and more into critical care. So, longer term use devices, earlier devices were short term use. So, now we are more focusing on the longer term use devices and we are getting more into class 3 category devices which have a longer dwelling time inside the body.

Tanmay Gandhi: But sir, how do you see implant as a category that what is the competitive scenario like and how difficult it is to penetrate into new customers?

Himanshu Baid: The moment it is more higher category is more riskier and the competition is more for multinational companies. There are a couple of good Indian companies also like Meril and all which are doing such kind of good implants. So, I think there is a good opportunity to replace multinationals from this segment.

Moderator: Thank you. The next question comes from the line of Harsh from Marcellus. Please go ahead.

Harsh: Hello sir. Congratulations on yet again, a good set of numbers. My question was on similar lines with Tanmay raised with respect to gross margins and with respect to EBITDA margins. Now with gross margins, I understand that it's because of the revenue mix. Correct me if I am wrong, sir.

Himanshu Baid: I do not think it is because of revenue mix. See, quarter to quarter revenue mix can keep on changing across the 6 product segments we operate in, large product segments and that we don't control, but what we control is that we stay around the 65% number and we control that EBITDA margin that what is a final EBITDA on selling the product. So, that is what we are seeing and there we are seeing a constant increase in EBITDA, basically the margin improvement.

Harsh: And sir, just to understand the business a bit better, could you help us understand what are the businesses which have a lower gross margin than what businesses are higher gross margin?

Himanshu Baid: We don't disclose the business wise margin, sorry, that's confidential, I cannot disclose that.

Harsh: Okay, got it. And sir, with respect to operating expenses, there's almost a 9% drop on a Q on Q basis in that cost line item. So, here again, maybe if you can help us understand what is led to this drop?

Himanshu Baid: So, Nareshji is on the call. Nareshji, can you explain that why operating expenses are down 9%? Nareshji, the question from Harsh was that why operating expenses are down by 9% in the quarter?

Naresh Vijayvargiya: So, the major drop is because we have some efficiency on expenses. There is a slight drop in R&D expense and then there is some drop on legal expenses and travel also. So, overall, it is 9%.

Himanshu Baid: Compared to quarter to quarter?

Naresh Vijayvargiya: This is all compared to quarter to quarter. But there is no major item to be disclosed or something like that. No normal item.

Harsh: Okay, got it. Thank you.

Moderator: Thank you. The next question comes from the line of Kayuri Bafna with Nag Analytix. Please go ahead.

Kayuri Bafna: I wanted to know what are the exports and which is the highest exporting products that you have in the Company right now?

Himanshu Baid: So, basically exports, revenues are almost close to 68%-70% and majorly exports come in the infusion therapy category where we have a global leadership on this product category and that's where it comes from. And in infusion, so we have IV catheters and accessories around that business, and that is where the major revenue is coming from.

Kayuri Bafna: Okay, thank you so much.

Moderator: Thank you. A reminder to all participants, you may press "*" and "1" to ask a question. The next question comes from the line of Bharat Shah from ASK Investment Managers Limited. Please go ahead.

Bharat Shah: Hi, Himanshu.

Himanshu Baid: Hello, Bharat Bhai. How are you, sir?

Bharat Shah: All good. All good at your end, I hope. Thank you. Himanshu, if we take a three to five year view ahead, a) what kind of growth rate do we think is possible? B) How much of that is reasonably predictable for us? And c) whether it is a durable growth, something which can prevail for a longer period of time? And what are the various strategies at play in terms of product innovation, newer categories, geographies, manufacturing assets and resources, talent hiring, approval cycles, which can vary across geography, and all of that. So, how do we strategize for growth, rate, predictability, and its durability? And thereafter on margins, how do you see over the coming period of say, 3 to 5 years?

Himanshu Baid: Bharat Bhai, it's a very, very long question, maybe a very long answer, but I will try to answer in a short while so that we will give the chance for the people. So, on the growth side, Bharat Bhai, if you see from 2010 to 2020, we had a growth of almost 14% to 15% on a ten year cycle. And the Company was capital starved. But now as the Company has done some capital raise in the last 4 years, so you have seen that the trajectory has now started changing. So, last 3 years, continuously, we are growing around 20% and over. And even this year, we have projected for around 20% overgrowth. So, now we see that the new normal for this Company should be 20% plus growth. And today for us, maybe if you look at let us say predictability, let's say predictable growth for this Company, as we have seen already four year growth cycle now, from FY22 to 25 numbers which will be almost we are 9 months over. So, we are almost at that 20% cycle, basic growth cycle, plus cycle. So, the orbit has changed from 14 to 20. So, that is number one. Number two, I think to maintain this growth, I think India is a growth driver for us, great growth driver. And as we increase more and more deeper presence in India, so our India presence is today still we are not covered two thirds of hospitals in India. I only covered one-third of the hospital. And even in the current hospitals, our let's say wallet share is less than 20%. So, we can increase our wallet share in the current hospitals and also cover more and more hospitals as time progresses. And for that, we need to hire more and more people. And if you've seen the presentation, sir, we have already added this year 64 people, so we have added close to from 410 odd people now we are 475 people in the Company in sales and marketing in domestic, so we are continuously adding and all these are Company employees, so we are adding continuously let's say every year we will add 100 odd people for next 3-4 years to maintain that domestic growth. And international markets also, we are actively working on US strategy, we are working on Europe, and we think that within these two important geographies and some other developed countries, we will be able to achieve export growth rate also in north of 20%. And if you see our last 4, 5 years history, we are already growing over 20% in the export market. So, I think growth rate is more or less now with additional capacities built in, additional plants built in, and with more CAPEX happening. So, even if you see CAPEX cycle, which was maybe Rs. 100, Rs. 120 crores pre-COVID has gone to around Rs. 200, Rs. 250 crores post COVID per year. So, that helps us to put in more plants, put in more products, invest more in R&D, launch new products across different categories. So, this is what we are seeing in terms of growth, rate, durability, market is robust, Indian market is very robust, government focuses on Make In India, so a lot of imposed substitution we are bringing in the business. So, all that is simultaneously happening, sir. And on the margin side, I think, we have already projected close to 27% EBITDA margin for this year. Last year, we were close to 26% this year, 100 bps improvement, 100-150 bps. So, we are already in that range. So, as we see, operational efficiency is coming in, so every year we could increase the margin by 50-100 bps easily in the next 4-5 years. That is what the plan is.

Bharat Shah: I see. So, what I understand from this, and I am summarizing, correct me if I am wrong, we are seeing this growth orbit has changed and instead of early double digit, it is now healthy double digit in 20s.

Himanshu Baid: Correct sir.

Bharat Shah: The growth engine is no longer only exports, it is both exports and domestic where perhaps the domestic market can burgeon and become even a larger growth rate engine, possibly.

Himanshu Baid: That is correct, sir. Absolutely correct.

Bharat Shah: Our product innovation strategy, manufacturing, asset putting strategy, people hiring strategy, people on the ground, all are aligned to ensure that these results we can obtain in a predictable, sustainable way rather than with ruptures.

Himanshu Baid: Because the business is more predictable now because today, we have contracts with customers, India, global, we can project what we need to do, the production lines are getting aligned with that. So, everything is more predictable sir than it was maybe let's say 10 years ago or 5 years ago.

Bharat Shah: Okay and finally margins will improve for a) scale reason, b) it a kind of more complex and higher margin, new verticals like oncology and cardio as we are entering?

Himanshu Baid: Correct sir.

Bharat Shah: All of that put together along with the scenario of the opportunity both in India and abroad, next 3 to 5 years this kind of healthy growth with improving margin is something which is fairly predictable.

Himanshu Baid: Yes, fairly predictable. Of course, we don't know what is going to happen. Everyday something is changing. But when we go on a predictable analytics, I think this is pretty much possible.

Bharat Shah: One last thing, Himanshu. If anything were to go wrong in this scenario, in your opinion, what could that be?

Himanshu Baid: See, I don't think sir. I have been running the business for 28 years now and not seen, healthcare is one area which is not going to go wrong. You know, the demand is not going to shrink and with government more focus, you have seen in the budget day for yesterday, Ayushman Bharat has more allocation, so they are trying to bring in gig workers. So, more and more focus is going to be healthcare, wellness, and also medical tourism, there is some focus. So, Indian hospitals will continue to do better only as more and more patients will flow in. So, only things can go wrong when we make bad quality product.

Bharat Shah: And how do we mitigating that risk accidents, failure of products, liability?

Himanshu Baid: We have zero. Touchwood in 20 years, we don't have a single product liability claim. 28 years history I am talking.

Bharat Shah: We take liability insurance, right?

Himanshu Baid: Yes, we have liability insurance, yes.

Bharat Shah: To summarize, superior growth with improving margin across both India and other territories with volume, verticals and more products. So, deepening and widening of the product portfolio with the talent pool is something which gives us predictable, sustainable belief about where our destiny is.

Himanshu Baid: Absolutely, sir.

Bharat Shah: Thank you, Himanshu. All the very best.

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

Moderator: Thank you. Ladies and gentlemen, in order to ensure that the management is able to address questions from all participants in the conference, please limit your questions to one or two per participant. Should you have a follow up question, we will request you to rejoin the queue. Thank you. The next question comes from the line of Nitin Gosar from Bank of India Mutual Funds. Please go ahead.

Nitin Gosar: Hi, Himanshu Bhai. Just one question. Wanted to understand, I think you called out that from hedging policy point of view right now, 1% of our exports is hedged. And A, how should we see this hedging policy? Currently, currency is in our favor, but at times it can cut both the sides. So, should we believe that as a management, we would like to keep it open, or we would like to hedge it?

Himanshu Baid: I will tell you why. See, we have already burned our fingers many years ago in hedging. And some more informed person there who was than us, because you are a banker I am not going to call out. But we burned our fingers already. I think what we have seen over the past 8-10 years without any hedging, it gives us more better visibility. As we have a positive net flow of foreign exchange and that's for example you have almost 70-80 million of the positive foreign exchange after covering our imports and CAPEX, so there's no need right now. And I think with rupee 10-year history, you can always predict that every year is going to depreciate 2%-3%, so I think we cannot go wrong because we have a 10-year history now. The last cycle where we hedged was 2012 and where we really took a bad hit, 11-12.

Nitin Gosar: Yes. Sorry, if I were to just impose one more question on the same scenario. If let's say currency right now, which is closer towards 86 moves back to 84, which can slightly compress our gross margin?

Himanshu Baid: No, it will not because then our other costs will go down. Our raw material costs will go down. Other light costs will go down, let's say. If rupees let us say appreciating, it will also impact the other side. Interest rates will come down.

Nitin Gosar: Fair point. And one last question is on the employee cost. So, right now, since you're on the addition sphere, current quarter number of around Rs. 78 crore on employees side, does it capture the recent hiring into numbers or?

Himanshu Baid: These are all recent hiring. So, that because that 64 people have added during the year only in sales and marketing we are talking about here. So, a lot of people have been added in manufacturing and other activities, regulatory, quality, engineering, R&D. So, that is not included here. The reason we are calling out sales people is because that is the organization we want to bring more strongly right now.

Nitin Gosar: I will take that point because you have been calling it out you want to improve the reach in India.

Himanshu Baid: Exactly. That's correct. Absolutely correct sir.

Nitin Gosar: Fair point. Thank you. Thank you.

Moderator: Thank you. A reminder to all participants, you may press "*" and "1" to ask a question. Ladies and gentlemen, you may press "*" and "1" to ask a question. The next question comes from the line of Tanmay Gandhi from Investec. Please go ahead.

Tanmay Gandhi: Thanks for the follow up. Sir, my question is on the US tariff, right? So, basically if the government were to put tariffs on Chinese and Mexico exports, right? So, will that create any risk of dumping by these exporters in markets like Europe, ROW markets?

Himanshu Baid: So, I think, Tanmay, I think it's very clear these are essential products, right? And it will be very difficult overnight to, the US hospitals cannot run out of products. You still need them. So, eventually what we will do is add cost to the patients or cost to the hospitals in the network. But it's not good that they'll stop buying. But if they stop buying, they can't take care of US patients in hospitals. It's a necessity. It is not, it's an optional thing.

Tanmay Gandhi; Understood. So, basically you don't really see any risk of dumping of these products in other markets.

Himanshu Baid: Why dumping? You know, because in India there has to be a consumption. Even if you dump extra product in India in the market, who's going to use it?

Tanmay Gandhi: Correct. But sir, if the same case is with the pharmaceutical as well, right, where the supply is in a fright and that is for something which drives a price erosion, right. So, though the demand may not really go up, but again if the supply is more than probably pricing.

Himanshu Baid: India is very fairly regulated on this area.

Tanmay Gandhi: No, I am not talking about India, I am talking about Europe and ROW market.

Himanshu Baid: No, nothing is going to change much. See everywhere we have contracts, no? The business runs on, it's not a daily business. Today they will buy from me, tomorrow they will buy from somebody else, right. And also, we have a very strong Polymed branded business. It is contractual.

Tanmay Gandhi: Understood. Thank you.

Himanshu Baid: In other words, it will impact every industry, not why Polymed. It will impact every manufacturer who is selling products into US or Mexico or Europe. Everybody gets impacted, the whole Indian economy will get impacted because nothing on Polymed specific then.

Tanmay Gandhi: Right, Right. Thank you, Sir.

Moderator: Thank you. Ladies and gentlemen, you may press "*" and "1" to ask a question. The next question comes from the line of Sandeep Abhange with LKP securities. Please go ahead.

Sandeep Abhange: Yes, thanks for taking my question. Can you give a break up on your product categories like infusion therapy, renal, blood transfusion, anesthesia and respiratory etc. If you can give product breakup of FY24?

Himanshu Baid: So, Sandeep we only call out two important businesses which are material right now. Infusion therapy and renal and that we have already given the disclosure in the presentation. If you see the presentation, our infusion is 800 crores out of 1181 and renal is 104 crores out of 1181 for 9 months. And then rest of the products is 277 crores, which is 5 to 6 different categories of products there right now. We don't call out them because they are not significant under 5%.

Sandeep Abhange: Okay. And as far as renal is concerned, we have seen good growth in terms of last three years, like around 30%-40% and this year we have seen till almost 56% kind of growth rate. So, what could be the trajectory ahead for the renal business and like currently I believe it is somewhere around 7% to 8% of your overall revenue. So, what could be the trajectory we can expect going ahead in 3 to 5 years?

Himanshu Baid: Yes, so we are expecting this business to grow faster, let's say in next couple of years at least because as we are replacing imported products in the market, as we are the only producer of this kind of products in India. So, that is what is changing the landscape. But what has happened is good news is that government has increased reimbursement rate for dialysis treatments. So, from Rs. 1200 odd gone to Rs. 1800 under National Dialysis Program and Ayushman Bharat. And also, government has given permission to open standalone dialysis clinics. So, we have been talking to the dialysis chains, like Nephrocare and Apex and all other big ones which are operating in more organized way. And they are predicting a growth of around 25% to 30% in their businesses in dialysis chains. And plus, with more standalone dialysis clinic, earlier dialysis clinics only allowed within the hospitals. Now as government has recently announced daycare oncology centers so now they are also opening daycare dialysis centers. So, that will also maybe grow, it will help in growing the demand for this product. But our target is to maybe reach let's say, by 2030 around 20% to 25% of the market share.

Sandeep Abhange: Okay, that's great, that's helpful. And one last thing I wanted to understand on the margin front, there have been quite a few questions and so just wanted to understand like 27% kind of a margin. So, like you earlier mentioned that you are expecting at least 50 to 60 basis point increase in margin every year. So, do you think it is achievable for the next three years?

Himanshu Baid: See, as we improve our operational efficiencies, let's say next year also we grow, let's say 20% for example, revenue. Then the expenses will not go in the same proportion.

Sandeep Abhange: Absolutely.

Himanshu Baid: So, then definitely we will see some margin improvement there because this year we have started two new business. So, I've got 60 new people who are not giving me full productivity in sales and marketing because they have just joined and they are just part of the new division, right. So, as time progresses, these people get more productive and then probably we will see, so overall this number should be achievable. In any manufacturing space if you keep on improving revenues, then definitely you will get some advantage of operational efficiencies.

Sandeep Abhange: And sir on the CAPEX front like how much CAPEX has been done till now and what is the expectation of CAPEX?

Himanshu Baid: So, this year we have done around close in 9 months Rs. 222 crores of CAPEX and budget of Rs. 300 crores. And probably another few more months of CAPEX and FY26 will then probably our CAPEX cycle for the old plants which were established between 23 and 24 will be over and then we will focus on the new plants which we are establishing, three new plants which were establishing. We have just started building those plants hopefully ready in 18 to 20 months and that is where we will be spending close to Rs. 400 to Rs. 500 crores.

Sandeep Abhange: And all of QIP proceeds will be used for that?

Himanshu Baid: Correct. There's a segmentation of QIP proceeds, so Rs. 500 crores is for new CAPEX, and that is where we will be using it.

Sandeep Abhange: And that would be for over two years, like, by how, when you're expecting?

Himanshu Baid: 18 to 20 months, basically, to build a plant and get all the regulatory approvals.

Sandeep Abhange: Okay. And sir, on the acquisition part also, like you had earlier mentioned in previous concall that you are also eyeing an acquisition on majorly in the critical care or maybe oncology or cardiology space. So, have we boiled down any acquisition targets in this space?

Himanshu Baid: If we have something, we will definitely announce. So, far nothing. But if we have anything, we will definitely announce.

Sandeep Abhange: Okay. But some of the QIP proceeds would be as a result of that.

Himanshu Baid: Yes, part of the QIP proceeds is designated for acquisition.

Sandeep Abhange: Right. Okay. Thanks so much.

Himanshu Baid: Thank you, Sandeep.

Moderator: Thank you. A reminder to all participants, you may press "*" and "1" to ask a question. The next question comes from the line of Harsh from Dalal & Broacha Stock Broking. Please go ahead.

Harsh: Hi, thanks for the opportunity. Just one question from my side. Any sort of role we could be playing, say, in the drug delivery devices? So, when I say that it is more to do with the injectors space, the auto injectors, pen injectors, I mean, do we have that expertise or anything you would like to enter?

Himanshu Baid: We already make combination devices. We make like blood bags which is a combination device plus drug. You know in blood bag, there is a CPDA solution which goes with the bag. We also make pre-fill syringes which is a combination device. So, we are in combination devices, and it again depends on the opportunity because most of these devices are sold by large multinational companies because they have the expertise to bring the drug out and they rely on devices for other companies. So, it depends on our partnerships and maybe future trajectory, but we will continue to explore more opportunities in this area for sure because already we do some kind of products in that category.

Harsh: Yes, got it. That is it from my side.

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

Himanshu Baid: Thank you again everyone for asking great questions and thank you for your support as always. As we continue to move in a good direction and a steady pace, I think in our annual earnings we will be able to give you more finer projections on our next year's numbers and how we will fare depending on how our new plants and our new products shape up in the next few months. So, thank you again, once again, and please stay in touch, thank you.

Moderator: Thank you. On behalf of ICICI Securities that concludes this conference. Thank you for joining us and you may now disconnect your lines.