



SVS Securities Private Ltd.

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Poly Medicure

Rs 216

Leading manufacturer of disposable medical devices

Sensex: 41,465

Nifty: 12,227

CONSOLIDATED FINANCIALS SUMMARY

	SALES	OPM (%)	OP	OTHER INC.	PBIOT	INTEREST	PBDT	DEP.	PBT	TAX	PAT	MI	NET PROFIT	EPS* (Rs)
1703 (12)	455.01	20.2	91.72	13.94	105.66	6.74	98.92	23.73	75.19	20.06	55.13	0.00	55.13	6.2
1803 (12)	520.42	23.1	120.35	15.62	135.96	9.96	126.00	29.24	96.75	26.16	70.59	0.00	70.59	8.0
1903 (12)	610.83	21.2	129.46	19.67	149.12	11.75	137.37	37.29	100.07	34.67	65.40	0.00	65.40	7.4
2003 (12P)	714.78	22.1	157.90	23.29	181.20	9.33	171.87	41.79	130.08	32.39	97.69	0.00	97.69	11.1
2103 (12P)	836.29	22.5	188.17	26.55	214.72	11.66	203.05	49.31	153.74	39.97	113.77	0.00	113.77	12.9

* Annualized On current Equity Of Rs 44.12 crore of face value of Rs 5 each. (P): Projections, Figures in Rs crore.

Source: Capitaline Databases

Poly Medicure is leading and one of the fastest growing medical devices manufacturing company incorporated on 30 March 1995. The company has been recognized as the "Medical Devices Company of the Year 2018" by the Department of Pharmaceuticals Ministry of Chemicals & Fertilizers, Government of India. It is also recognized as the Largest Exporter of plastic Medical Devices from India for six years in a row exporting to 105 countries.

The company has a healthy track record of manufacturing high quality medical devices in 8 state-of-the-art manufacturing facilities across the world. It has 5 manufacturing facilities in India (3 facilities in Faridabad and 1 each in Jaipur and Haridwar). Among 3 facilities overseas, one facility in Italy and one facility in China is in its wholly owned subsidiary, while one facility is in a joint venture in Egypt. The total Strength of employees of the Company was 1952 as on 31 March 2019.

Diversified product range

Polymed is engaged in the development, manufacturing and marketing of quality Disposable Medical Devices the product verticals of Infusion therapy, blood management, gastroenterology, surgery and wound drainage, anesthesia and urology.

The Company has a well-diversified and derisked business model in India and rest of World, comprising a wide range of products, in over 105 countries. The competitive edge Company has built over the years, in terms of customised products for every market where it operates, continues to provide it the impetus for growth.

Company has multiple products in following categories:-

- Vascular Access / Infusion Therapy • Central Venous Access • Anaesthesia • Urology
- Gastroenterology • Blood Transfusion & Blood Collection Systems • Surgery And Wound Drainage • Dialysis/Renal Care • Diagnostics • Respiratory Care

This year Company is introducing new products in Vascular Access / Infusion Therapy.

Modern manufacturing facilities

The Company currently operates five Manufacturing units in India, three of which are located at Faridabad (Haryana), one at Jaipur (Rajasthan) and one at Haridwar (Uttarakhand). The manufacturing units located at Faridabad, Haryana commenced commercial operations in FY1997, FY2004 and FY2018, and are spread over a total area of 3720 square meters, 7920 square meters and 7875 square meters respectively. The manufacturing unit located at Haridwar, Uttarakhand commenced commercial operations in FY2008 and is spread over



STOCK DATA

BSE Code	:	531768
BSE Group	:	B
NSE Code	:	POLYMED
Bloomberg	:	PLM IN
Reuters	:	PLMD.BO
Par Value	:	Rs 5
52-week High/Low	:	Rs 238 / Rs 167
Sector	:	Healthcare

SHAREHOLDING PATTERN*

Category	% of equity
Foreign	: 5.01
Institutions	: 00.08
Govt Holding	: -
Corporate Holding	: -
Promoters	: 48.75
Public & Others	: 46.16

* as on 30/09/2019

Source: Capitaline Databases



a total area of 3825 square meters. The manufacturing facility in Jaipur, Rajasthan commenced commercial operations in FY2015 and is spread over a total area of 31211.74 square meters.

The Company is also having its manufacturing facilities in China, Egypt (JV) and Italy. The Company operates in manufacturing facility situated at Laiyang-Qingdao, China, through Poly Medicure (Laiyang) Co, a wholly owned subsidiary. This facility commenced commercial operations in FY2010.

The Company also holds 23% equity interest in Ultra for Medical Products, Egypt, which operates a manufacturing facility in Assuit, Egypt for disposable medical devices. This facility commenced commercial operations in FY2004.

The Company has also acquired Plan1health s.r.l., an Italy based Manufacturing Company. By this acquisition the Company will be able to offer a complete assortment of high end Vascular Access Devices and accessories.

The Company has over 400,000 sq. feet of manufacturing area in use which includes over 100,000 sq. feet of Grade C 10,000 to Grade D 100,000 (ISO Class 7 & 8) Clean Room Area. A high degree of automation and an effective process control helps in delivering consistent product quality. To keep pace with the ever-changing market requirements, the company has a fully staffed and highly equipped R&D section approved by Ministry of Science & Technology Government of India to design & develop new and innovative products from Design to production in a short period using rapid prototyping 3 D printer CAD/CAM technology etc. Possess ultra modern tool room with sophisticated machines like CNC wire cut, EDM and Vertical Machining Center.

The Company has complete integrated R&D, technology and engineering capabilities that enables it to design and develop new technologies on a sustainable basis. R&D has always been the thrust area which has enabled the company to introduce many new products in a short time. The Company continues to enhance its R&D capabilities and capacities to develop differentiated and high technology products for India and global markets.

Wide sales and marketing network

The Company has a country wide sales and distribution network in India providing access to a wide market base. As of 31 March 2019, the distribution network included over 25 super distributors, over 10 authorised agents and over 1300 dealers. The company has over 250 persons in Sales, Marketing and Product Management Team. Globally, the company has dedicated Sales Network and Tie-up with key distributors in over 105 countries including in Europe, south-east Asia, the Middle East, Americas and Africa, distributing through a network of approximately over 200 distributors.

Exports to more than 100 countries

The Company sells its products in more than 100 countries. A widespread global presence, with no overdependence on any one region or country, considerably insulates the Company from any adverse developments in any particular market. Approximately 70% of total revenues of the company come from exports.

Global healthcare sector to grow at improved pace in 2018-2022

The Global Healthcare spending is projected to increase at an annual rate of

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5.4% in 2018-2022, a considerable rise from 2.9% in 2013-2017. This increase reflects the expansion of health care coverage in developing markets, the growing care needs of elderly populations, advances in treatments and health technologies, and rising health care labor costs. Per person healthcare spending is expected to continue to vary widely.

The Global Medical Device industry is poised for steady growth, with global annual sales forecast to rise by over 5% a year and reach nearly US\$800 billion by 2030. These projections reflect increasing demand for innovative new devices and services, as lifestyle diseases become more prevalent, and economic development unlocks the huge potential in emerging markets - particularly China and India.

The Indian Medical Devices market is currently valued approx at US\$ 7.5 billion and growing at 12-15% CAGR vis-à-vis a CAGR of 5% for the Global medical devices industry. India is among top 20 global medical devices market and 4th largest medical devices market in Asia after Japan, China and South Korea.

Multiple drivers for Indian medical device sector

Healthcare industry in India comprises of hospitals, medical devices, clinical trials, outsourcing, telemedicine, medical tourism, health insurance and medical equipment & pharma. The industry is growing at a tremendous pace owing to its strengthening coverage, services and increasing expenditure by public as well private players.

The hospital industry in India, accounting for 80% of the total healthcare market, is witnessing a huge investor demand from both global as well as domestic investors. The hospital industry is expected to reach US\$ 132 billion by 2023 from US\$ 61.8 billion in 2017; growing at a CAGR of 16-17%.

The Medical Technology industry plays a crucial role throughout the healthcare lifecycle and has been instrumental in transforming healthcare ecosystems across the world. For India too, the MedTech industry offers the potential to address the healthcare issues by using a mix of nascent as well as advanced technologies.

The company is more focusing on Clinical Trainings which will enhance POLYMED's brand recognition in the Healthcare industry. The company is expanding its product basket in each of the business verticals and making new investments for increasing capacity for domestic as well export business and developing new products. A new manufacturing plant will come up in Mahindra SEZ, Jaipur by early FY2020.

Major growth drivers are as follows

- Higher Medical Devices consumption expected in India due to implementation of Aayushman Bharat. This Universal Healthcare Insurance Scheme in India will be a big game changer for the Medical Devices industry.
- Preferential Purchases of domestically manufactured goods in India by the government.
- New Regulatory changes - Medical Devices Rules implemented from January 2018. Now all Medical Devices will get regulated under new rules which will bring in standardization of products and improve patient safety & quality.
- National Medical Device Promotion Council - Under Ministry of Commerce &

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Industry, Department of Industry Policy & Promotion (DIPP): The setting-up of the Council will boost domestic manufacturing as it will act as a facilitating promotional & developmental body for the Indian Medical Devices Industry.

- Higher Private Insurance penetration driving the consumption of medical devices
- Higher growth expected in Renal Care & Diagnostic industry

Strong H1FY2020 performance

The company has posted strong 73% growth in consolidated net profit to Rs 48.21 crore and 40% jump in PBT to Rs 63.21 crore in the half year ended September 2019 driven by strong 18% growth in the sales to Rs 335.47 crore. For the quarter ended September 2019, the net profit of the company has jumped 95% to Rs 28.40 crore and PBT increased 53% to Rs 35.47 crore on 16% rise in the sales to Rs 173.88 crore.

Valuation

In FY 2020 and FY2021, we expect the company to register EPS of Rs 11.1 and Rs 12.9 respectively on consolidated basis. The scrip trades at Rs 216. P/E on FY 2021 projected EPS works out to 16.5. It offers a good indirect bet on growth of highly valued healthcare and diagnostics sector.

Higher Medical Devices consumption expected in India due to implementation of Ayushman Bharat

POLY MEDICURE: CONSOLIDATED RESULTS

	1909 (3)	1809 (3)	VAR (%)	1909 (6)	1809 (6)	VAR (%)	1903 (12)	1803 (12)	VAR (%)
Sales	173.88	150.18	16	335.47	283.84	18	610.83	520.42	17
OPM (%)	24.06	22.89		23.33	23.05		21.19	23.13	
OP	41.84	34.38	22	78.25	65.42	20	129.46	120.35	8
Other inc.	5.46	4.58	19	10.02	8.13	23	19.67	15.62	26
PBIDT	47.30	38.96	21	88.27	73.55	20	149.12	135.96	10
Interest	1.58	6.55	-76	4.83	10.46	-54	11.75	9.96	18
PBDT	45.72	32.41	41	83.44	63.09	32	137.37	126.00	9
Dep.	10.25	9.22	11	20.23	18.04	12	37.29	29.24	28
PBT	35.47	23.18	53	63.21	45.05	40	100.07	96.75	3
Tax	7.07	8.62	-18	15.00	17.22	-13	34.67	26.16	33
PAT	28.40	14.56	95	48.21	27.84	73	65.40	70.59	-7
MI	0.00	0.00	-	0.00	0.00	-	0.00	0.00	-
Net Profit	28.40	14.56	95	48.21	27.84	73	65.40	70.59	-7
EPS (Rs) *	12.9	6.6		10.9	6.3		7.4	8.0	

* Annualized On current Equity Of Rs 44.12 Crore of face value of Rs 5 each, Figures in Rs crore.

Source: Capitaline Database

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