

POLY MEDICURE LIMITED

Diversifying Beyond Disposables

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Poly Medicure Limited (PML) is a key player in the medical device industry with a strong foothold in highly regulated export markets. While traditionally focused on consumables and disposables, the company is now transitioning towards high-entry barrier medical devices, presenting significant growth potential. PML has not only navigated the complexities of a highly regulated market but has excelled in it, leveraging its manufacturing expertise and stringent compliance standards. Given the challenges in replicating such manufacturing capabilities—long lead times, regulatory approvals, and high capital intensity—PML's business remains resilient with a high degree of recurring revenues, making it well-positioned for sustained long-term growth.

PML has been a consistent performer over the last decade (FY14-24) with an impressive Revenue/EBITDA/PAT CAGR of 18%/21%/22% respectively during the same time period. PML stands out with a diverse portfolio of 123 categories and 6,745 SKUs of medical devices, supported by a robust distribution network of 506 distributors across India and 260 globally, catering to 9k hospitals and nursing homes. PML currently trades at 38x on its FY27E EPS ₹58. We believe the premium valuations are justified owing to a) import substitution trend in medical devices, b) improving healthcare infrastructure in underpenetrated regions c) expansion in renal and diagnostics portfolio and d) favourable government policies for promoting domestic medical device manufacturing. We estimate PML's Revenue/EBITDA/PAT to clock 22%/29%/32% CAGR over FY24-27E and initiate coverage on PML with a **BUY** rating and a TP of ₹2,900.

Riding the import substitution wave: India's medical device sector is heavily reliant on imports, with 40% of consumables and disposables sourced internationally. Imports of disposable medical devices grew 8% YoY in FY24, highlighting a significant opportunity for domestic players to capture this demand. PML, a leader in the low-entry barrier medical disposables segment, is well-positioned to benefit from the import substitution trend. With 12 manufacturing facilities (9 in India) and a focus on expanding into high-entry barrier categories like renal care and diagnostic disposables, PML is not only reducing import dependency but also targeting export markets. Ongoing investments in new facilities and a diversified product portfolio centered on renal dialysis, cardiology and critical care further enhance its growth potential in the evolving medical devices landscape.

Key Financials	FY23	FY24	FY25E	FY26E	FY27E
Total Income (₹ mn)	11,152	13,758	16,961	20,762	25,123
EBITDA margins (%)	23.8%	26.0%	27.8%	28.9%	30.3%
Adj PAT margins (%)	15.9%	18.6%	20.7%	22.0%	23.4%
EPS (₹)	18	27	35	45	58
P/E (x)	117	82	64	49	38
P/BV (x)	17	14	8	7	6
EV/EBITDA (x)	79	58	44	34	27
Adj ROE (%)*	14.3%	17.4%	12.4%	13.9%	15.2%
Adj ROCE (%) *	16.2%	19.5%	13.9%	15.8%	17.3%

*ROE & ROCE includes QIP effect in FY25E

BUY

Current Market Price (₹) : 2,202

12M Price Target (₹) : 2,900

Potential Return (%) : 32

Stock Data

Sector	: Medical Equipment
FV (₹)	: 5
Total Market Cap (₹ bn)	: 219
Free Float Market Cap (₹ bn)	: 82
52-Week High / Low (₹)	: 3,358 / 1,373
BSE Code / NSE Symbol	: 531768 / POLYMED
Bloomberg	: POLYMED NS

Shareholding Pattern

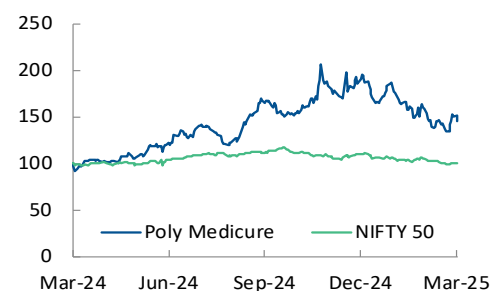
(%)	Dec-24	Sep-24	Jun-24	Mar-24
Promoter	62.44	62.56	62.56	53.15
MF's	7.17	7.35	6.29	4.99
AIF's	2.05	1.92	0.74	0.21
FPIs	12.33	11.87	9.91	12.38
Insurance	2.44	3.06	2.31	2.01
Others	13.57	13.24	18.19	27.26

Source: BSE

Price Performance

(%)	1M	3M	6M	12M
Poly Medicure	-2.3%	-25.2%	-13.5%	45.0%
Nifty 50	-2.5%	-8.7%	-9.7%	0.7%

* To date / current date : March 11, 2025

Poly Medicure vs Nifty 50

Renal & diagnostics are new growth pillars: India's underpenetrated dialysis market offers immense potential, valued at \$560 mn in 2023 and poised to grow 6.5% annually. PML's renal segment revenue surged 58% to ₹880 mn in FY24, with expectations of continued 40-50% growth to ₹1.5-2 bn in the next 3-5 years while expanding its hospital penetration from 9k to 20k+ hospitals. Leveraging PLI incentives and its position as India's first domestic dialyzer manufacturer, PML is expanding hospital reach and product offerings. Supported by government programs like Pradhan Mantri National Dialysis Programme (PMNDP), PML is set to capture a larger share of this high-growth market.

Capacity expansion to fuel growth: PML has increased its annual capex run-rate to ₹2-2.5 bn post-COVID (vs. ₹1-1.2 bn earlier). It has completed ₹2.2 bn in capex as of 9MFY25 (FY25E: ₹3 bn), with three new facilities in Haryana, Rajasthan, and Uttarakhand set to go live by mid-to-late FY26. Of the ₹10 bn QIP proceeds, ₹5 bn is allocated for capex and ₹2.5 bn for working capital and strategic acquisitions with ₹1 bn already deployed. As of 9MFY25, the company has invested ₹2.2 bn in capex, with a full-year target of ₹3 bn, funded entirely through internal accruals.

Strong Financials - PML's journey reflects consistent growth and profitability

	3 Year CAGR (FY22-24)	5 Year CAGR (FY20-24)	7 Year CAGR (FY18-24)	10 Year CAGR (FY14-24)
Revenue	22%	19%	18%	18%
EBITDA	27%	22%	20%	21%
PAT	33%	28%	24%	22%
Average Gross Margin	64%	65%	66%	64%
Average EBITDA Margin	24%	25%	25%	24%
Average RoCE	17%	18%	20%	20%
Average Debt/Equity	0.1x	0.2x	0.2x	0.3x

Source: Company, LKP Research

A rising Indian Giant in Medical Consumables

The medical device market varies greatly in complexity and application. As per industry estimates, there are 2 mn different kinds of medical devices in the global market, categorised into more than 22,000 types of generic devices. Medical devices are critical to the delivery of healthcare for prevention, diagnosis and treatment of diseases. In line with the global medical device market, the Indian market is also divided into four major categories:

Indian market – Medical devices market categories

Segments	Coverage
Consumables & Disposables	Disposable plastic syringes, Sutures, Blood bags, IV Fluid set, Wound Management, Medical Apparels and others. Syringes and needles constitute the major of the sales on account of frequency of usage.
Implants	Stents, Artificial Joints and other artificial body parts and fixation devices, prosthetics, orthopedics, pacemakers, etc.
Medical devices	MRI Machines, CT Scanners, ultrasound machines, dental X-Ray machines, ventilators, scintigraphic apparatus and other electro-diagnostic apparatus and electro-cardiographs blood pressure machines, dialysis machines
Diagnostics (reagents)	Medical Equipment and reagents used for laboratory purposes, radiation, imaging parts.

Source: Company AR, LKP Research

PML is present in the disposables & consumables category of medical devices which is the fastest growing category with presence in highly regulated export markets. It has not only survived among the bigger MNCs but also thrived in the export markets by matching the quality and high regulatory standards and is also reflected in its last 10 years Revenue/EBITDA/PAT CAGR which grew at 18%/21%/22% CAGR respectively. The company has established itself as the largest Indian exporter of consumable medical devices since last 10 years. It is among the Top 3 IV (intravenous) cannula manufacturers in the world, and the first indigenous dialyzer manufacturer in India.

PML is currently experiencing multiple tailwinds like expansion in healthcare infrastructure in India, portfolio expansion with focus on import substitution, government regulations on medical device industry to curb unorganized market, indigenization of dialysis market in India etc. The overall size of Indian medical devices market is estimated at US\$ 15.4 bn in 2023 and is expected to grow to US\$ 20.5 bn by 2029 with a CAGR of 5.4%. The Indian medical device market share in the global market is estimated to be only 1.7% and is expected to rise going forward due to government's initiatives to promote medical device manufacturing in India through PLI. India is the 4th largest Asian medical devices market after Japan, China, and South Korea, and among the top 20 medical devices markets globally. India has an overall 75-80% import dependency on medical devices. In FY23, India exported medical consumables and disposables worth US\$ 1.6 bn, surpassing imports valued at around US\$ 1.1 bn. Exports witnessed a 16% increase, while imports experienced a 33% decline.

Indian Medical Device market, Export trend (2022-2030F)

	2022	2030F
Indian Medical Device Market (Domestic Consumption) (US\$ Bn)	12.0	50.0
Indian Medical Device Exports (US\$ Bn)	3.4	18.0
Total Indian Medical Device Industry including exports	15.4	68.0

Source: Laxmi Dental RHP, LKP Research

How Polymed is placed amid import substitution trend in medical devices?

There are two types of medical devices-one is high-end medical devices which includes medical devices like CTC machines, X-Ray/MRI machines and - consumables and disposables/surgical instruments etc. India remains import dependent not only in large electronic equipments but also in the category of consumables and disposables where it is 40% import dependent. Imports of disposable medical devices in India have grown at 8% YoY in FY24. Since manufacturing of medical disposables is not technology intensive, domestic players can use the opportunity to substitute the demand by manufacturing locally. Players like PML are not only substituting imports but also targeting export market opportunities.

Medical device manufacturing in India largely pertains to disposables & implants, where PML has established leadership position in India. The medical device sector can be segregated into five major segments:

- Consumables & Disposables, which includes needles, and syringes, etc
- Diagnostic imaging, which includes MRI, x-ray, ultrasound, etc
- Dental products, which includes dentures, braces, etc
- Orthopaedics & Prosthetics, which includes knee implants and artificial joints
- Patient aids, which include hearing aids, pacemakers, etc

The Indian medical device manufacturing sector spans a wide array of products, from consumables to implantable devices. While the majority of manufacturing activity focuses on disposables such as catheters, perfusion sets, syringes, and cannulas, as well as implants like cardiac stents and orthopedic devices, PML has been a notable player in the low-entry barrier medical disposables segment. However, the company is now shifting gears by announcing significant investments to expand its presence in high-entry barrier categories, particularly in the renal segment and diagnostic disposable products.

PML operates 12 manufacturing facilities across India, China, Egypt, and Italy, with nine facilities based in India. Currently, infusion therapy contributes approximately 65% of the company's FY24 revenues. In an effort to diversify its portfolio, PML is focusing on developing its renal care business, including dialyzers, dialysis machines, and other related consumables, with plans to target export markets. To support its growth ambitions, PML is setting up three new facilities in Haryana, Rajasthan, and Uttarakhand, all of which are expected to become operational between mid to late FY26. The company's capex strategy is centered around renal dialysis, cardiology, and critical care, positioning PML to capitalize on long-term growth opportunities in the medical device sector.

Export data- Category wise (\$ mn)

Segment	FY20	FY21	FY22	FY23	FY24
Consumables & Disposables	1,083	1,290	1,378	1,605	1,752
Surgical Instruments	50	54	71	72	79
Electronics Equipment	999	985	1,163	1,335	1,472
Implants	94	99	135	188	266
IVD Reagents	68	104	176	191	216
TOTAL	2,294	2,532	2,923	3,391	3,785

Source: MCFDP, LKP Research

Import data- Category wise (\$ mn)

Segment	FY20	FY21	FY22	FY23	FY24
Consumables & Disposables	1,076	1,471	1,624	1,091	1,185
Surgical Instruments	180	104	169	210	205
Electronics Equipment	3,647	3,569	5,441	4,884	5,408
Implants	415	226	423	540	586
IVD Reagents	527	872	883	767	804
TOTAL	5,845	6,242	8,540	7,492	8,188

Source: MCFDP, LKP Research

Key Growth Drivers for PML

Renal Segment Expansion: With plans to grow its dialysis business, including dialyzers and dialysis machines, PML is targeting export markets where demand for cost-effective renal care solutions is rising.

Capex Plans: The company is investing in three new facilities in Haryana, Rajasthan, and Uttarakhand, focusing on renal dialysis, cardiology, and critical care. These plants, expected to be operational by FY26, will enhance production capabilities.

Diversification Beyond Infusion Therapy: Infusion therapy contributes 70% to revenues, but PML is working to reduce dependency by growing its presence in higher-margin categories.

Global Demand: With a focus on exports, PML is well-placed to tap into the growing global market for affordable medical devices.

PLI Scheme Benefits: As part of the government's initiative to boost local manufacturing, PML is positioned to benefit from incentives and reduced import dependency.

PML's strategic vision, coupled with its strong manufacturing base and focus on high-growth segments, positions it as a key player in India's rapidly evolving medical device landscape. The company's ability to capture demand in both domestic and export markets will be instrumental in sustaining long-term growth.

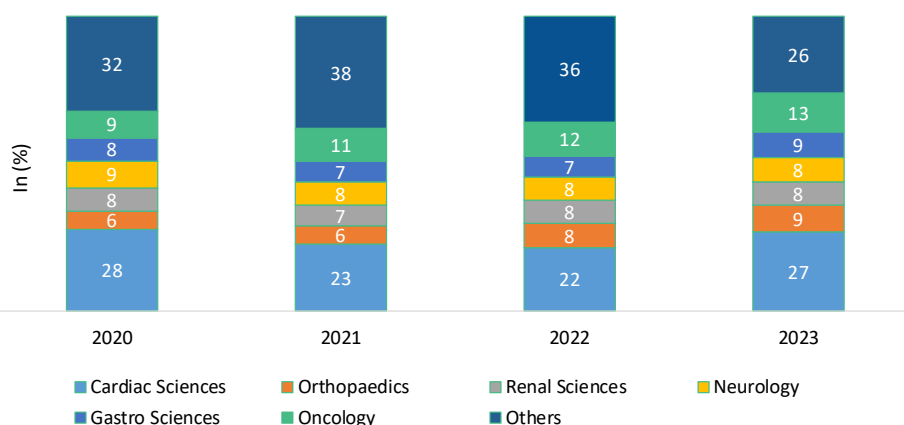
Can Renal & Diagnostics become PML's next key growth drivers?

The dialysis market in India presents a substantial growth opportunity, with the number of patients undergoing dialysis expected to expand significantly. Currently, approximately 200,000 individuals receive dialysis treatment in India, a figure markedly lower than in countries like the U.S. (600,000) and China (800,000). Annually, about 250,000 patients in India develop end-stage renal disease, yet only a fraction access dialysis services, indicating a potential 4-5x increase in the patient base if accessibility improves. The India Dialysis Market size was valued at \$560 mn in 2023, and is expected to reach \$870 mn by 2030, with a CAGR of 6.5% from 2024 to 2030. Each dialysis session incurs costs between ₹500 to ₹1,000 for medical consumables, translating to a market opportunity of ₹50 bn to ₹100 bn, assuming optimal treatment for all patients. Additionally, to meet peak demand, India would require approximately 100,000 dialysis machines, further expanding the market scope.

PML is strategically positioned to capitalize on this expanding market. In FY24, PML's renal segment revenue grew by 58% to ₹880 mn, and in 9MFY25 it came in at ₹1,046 mn with a robust 56% increase YoY (9% of standalone revenue). It is further expected that the segment shall grow at 40-50%. As the first indigenous dialyzer manufacturer in India, PML aims to increase its renal business revenue from ₹0.9 bn to ₹1.7-2 bn with 20-50% EBITDA margin in the next few years, as it plans to gain market share from the global players by increasing its current hospital penetration from 8-9k hospitals to 20k+ hospitals in the next 3-5 years. The company currently maintains a 10-12% market share in this category and has been ramping up its production capacity. As of Q3FY25, PML achieved a monthly run-rate of selling 40-50 dialyzers and expects to sell over 350 units in FY25, with a target of exceeding 650 units in FY26. Given the current market dominance by global players like Fresenius, Baxter, B Braun, and Nipro, PML's strategic expansion of manufacturing capabilities and product portfolio strengthens its position to capture a significant share of India's fast-growing dialysis market.

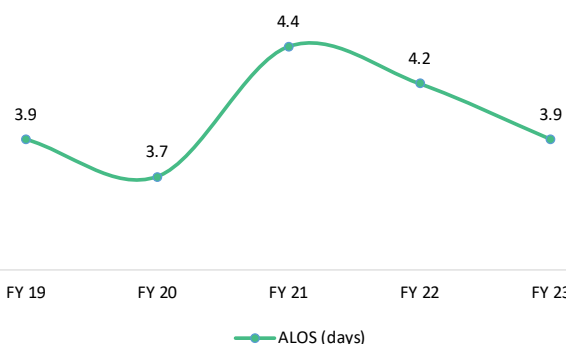
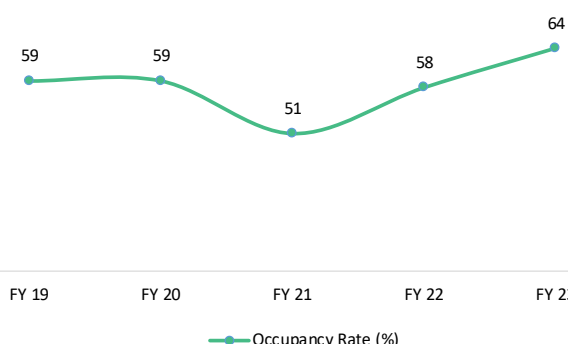
Additionally, PMNDP, which was introduced under the National Health Mission, has been a game-changer in enhancing access to affordable dialysis services across India. This initiative aims to provide free dialysis to below-poverty-line (BPL) patients, significantly increasing the demand for dialysis infrastructure, consumables, and machines. By creating a robust ecosystem of dialysis centers in underserved regions, the program has expanded the addressable market for companies like PML. With its growing renal care portfolio, including dialyzers, dialysis machines and consumables, PML is well-placed to cater to the rising demand fueled by PMNDP, positioning itself as a critical player in this high-growth segment.

Cardiac sciences dominates in terms of share, but oncology drives the highest growth across treatment mix for key listed players



Source: Jupiter RHP, LKP Research

Aggregate Occupancy Rates (AOR) and Average Length of Stay (ALOS) of key listed players

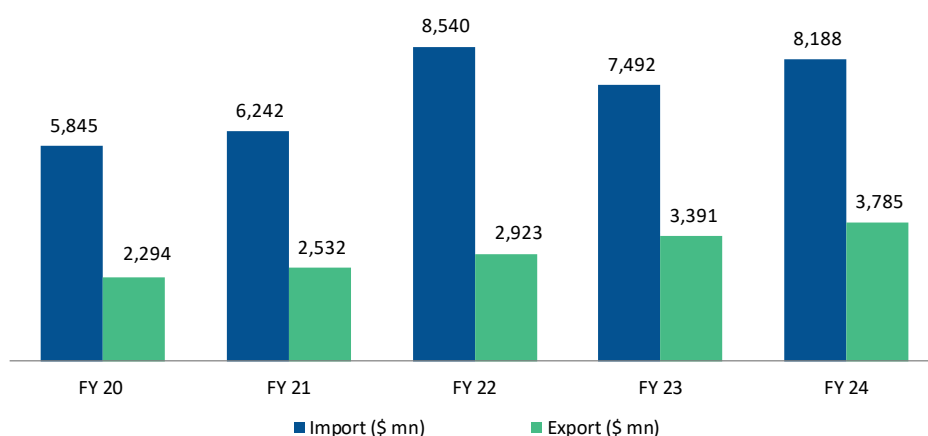


Source: Jupiter RHP, LKP Research

Can Government intervention spur domestic medical device manufacturing?

The Medical Devices (Amendment) Rules, 2020, introduced by the Government of India, marked a significant milestone in the regulation of medical devices. Enforced on April 1, 2020, the new rules established a comprehensive framework for the classification, registration, and quality assurance of medical devices in India. With the Central Drugs Standard Control Organization (CDSCO) overseeing compliance, the move aims to enhance transparency, standardization, and safety in the medical devices sector, ensuring alignment with global practices. This regulatory overhaul underscores the government's commitment to creating a robust and predictable ecosystem for medical device manufacturing and innovation.

EXIM Data



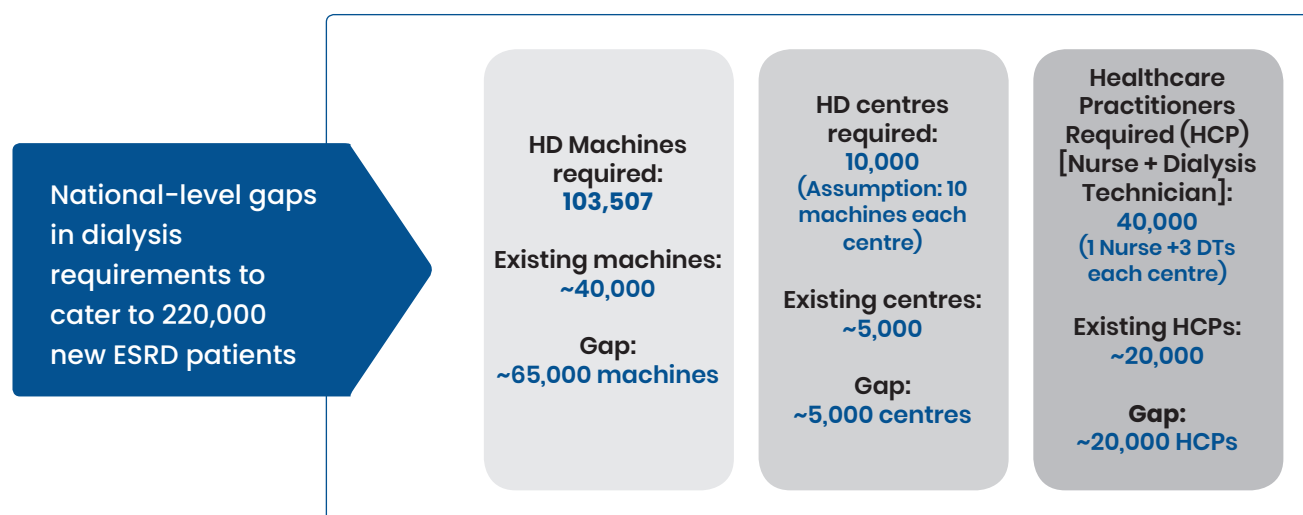
Source: MCFDP, LKP Research

For organized players like PML, the regulatory shift provides a competitive advantage by raising entry barriers for unorganized and low-quality manufacturers. With established quality processes, certifications, and significant investments in R&D, PML is well-positioned to meet the enhanced regulatory standards. This, coupled with the government's Production Linked Incentive (PLI) scheme and emphasis on import substitution, strengthens the growth trajectory for organized players in India. The new act also opens avenues for export markets by ensuring Indian products meet global regulatory benchmarks, thus allowing PML to further its presence in international markets. Overall, the act is set to consolidate the medical devices market, benefiting compliant and innovation-focused companies like PML.

Dialysis- The next big growth driver

The Pradhan Mantri National Dialysis Program, launched in 2016, has significantly enhanced access to affordable dialysis services across India. As of December 31, 2022, the program has established 1,350 dialysis centers equipped with 8,871 hemodialysis machines across 641 districts, providing free dialysis to below-poverty-line (BPL) patients. Despite these advancements, India's dialysis segment remains underpenetrated. Approximately 220,000 new patients develop end-stage renal disease (ESRD) annually, necessitating around 34 mn dialysis sessions each year. However, with ~4,950 dialysis centers, predominantly in the private sector, the existing infrastructure meets less than half of this demand. This gap presents a substantial growth opportunity for companies like PML. With a comprehensive renal care portfolio—including dialyzers, dialysis machines, and consumables—PML is strategically positioned to address the increasing demand generated by PMNDP. By leveraging its manufacturing capabilities and expanding its product offerings, PML can play a pivotal role in bridging the accessibility gap in India's dialysis market, thereby solidifying its presence in this high-growth sector.

National-level gaps in dialysis



Source: MOHFW, LKP Research

What led to outperformance of PML over its competitors?

PML has delivered a strong performance, achieving an 18% CAGR over FY14-24 and significantly outperforming peers across Revenue, EBITDA, and PAT. Its margins of 24-27% stand well above the industry average of 14-16%, underscoring its strong market position. Additionally, PML has consistently maintained a RoCE of 16-20%, reflecting its efficient capital allocation and strong business fundamentals. PML's superior profitability and margin profile highlight its dominance in the medical device sector. The company's sustained investments in capacity expansion, product innovation, and R&D have strengthened its competitive positioning, allowing it to capture growth opportunities in both domestic and export markets.

Domestic Peer

Company	Revenue (₹ bn)			3/4-Yr CAGR	EBITDA Margins			PBT margin			ROCE		
	FY22	FY23	FY24		FY22	FY23	FY24	FY22	FY23	FY24	FY22	FY23	FY24
Poly Medicure	9,231	11,152	13,758	20%	23.1%	23.8%	26.0%	20.9%	21.1%	24.8%	13.8%	16.2%	19.5%
Peer 1*	9,195	8,701	8,188	-6%	16.6%	14.3%	17.1%	11.7%	7.8%	10.0%	12.3%	7.3%	8.2%
Peer 2*	8,949	5,231	NA	-16%	15.3%	-1.0%	-	13.7%	-5.0%	-	30.2%	-8.3%	NA
Peer 3	2,453	2,938	3,428	19%	16.4%	10.5%	15.8%	9.0%	11.7%	6.9%	31.8%	17.8%	28.5%

*Revenue CAGR for 3 years

Source: Company, LKP Research

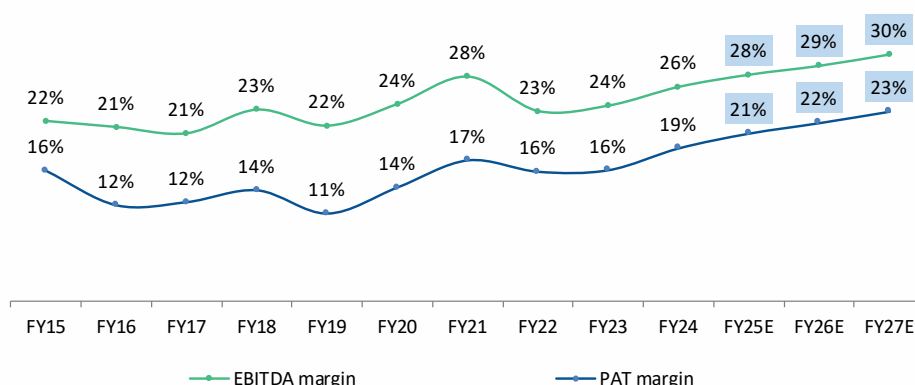
What lies ahead?

PML has consistently invested in capacity expansion but in the last 4-5 years i.e. post COVID it has raised its annual capex run-rate to ₹2-2.5 bn from ₹1-1.2 bn earlier. As of 9MFY25 it has already completed capex worth ₹2.2 bn (FY25E ₹3bn) and work for its largest upcoming facilities has already begun, with three new manufacturing facilities in Haryana, Rajasthan, and Uttarakhand expected to be operational between mid-to-late FY26. This expansion will increase production capacity across high-growth categories, particularly renal care, cardiology and critical care, positioning it to capture rising demand in both domestic and export markets. Additionally ₹2.5 bn is earmarked for working capital and potential acquisitions, with ₹1bn already deployed. As of 9MFY25, PML has spent ₹2.2 bn on capex, with a full-year target of ₹3bn, entirely funded through internal accruals which is expected to provide further fillip to its double-digit growth prospects.

How margins are set to expand?

PML has a well-entrenched infusion therapy portfolio with wide variety of SKUs, strong market share in key export markets and a strong distribution network along with an advantage of lower cost of production over its global competitors which has helped them in maintaining margins above 20% for the last decade or so. It aims to improve its EBITDA margins through a combination of operational efficiencies, premiumization, and higher contributions from high-margin segments like renal care, cardiology, and critical care. The addition of new manufacturing capacities, including three upcoming plants in Haryana, Rajasthan, and Uttarakhand, is expected to optimize production costs and scale operations. PML is also leveraging product innovation, such as its in-house drug-eluting stents, which will reduce dependency on imports and enhance gross margins. Additionally, the company is expanding its direct hospital reach, aiming to increase wallet share in covered hospitals and penetrate new ones, which will drive operating leverage. With continuous investments in R&D and automation, along with a shift towards a higher share of non-infusion therapy products (currently ~35%), PML is well-positioned to sustain annual EBITDA margin improvements of 100-150 bps.

Historical EBITDA & PAT margins

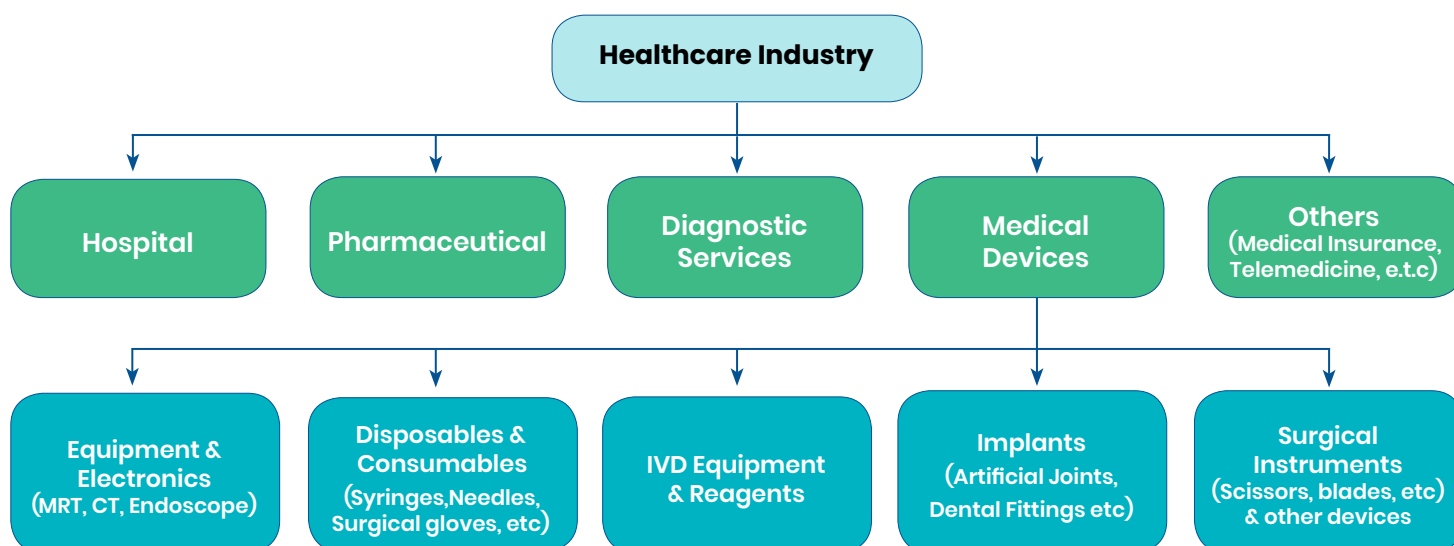


Source: ACE Equity, LKP Research

Industry Landscape - Global Healthcare & Medical Device Industry

The global healthcare industry is a vast and rapidly evolving sector, with the market size estimated to surpass \$11 trillion (tn) in 2024 and projected to grow at a compound CAGR of around 8% over the next decade. This expansion is driven by factors such as an aging population, increasing prevalence of chronic diseases, technological advancements and rising healthcare expenditure across both developed and emerging markets.

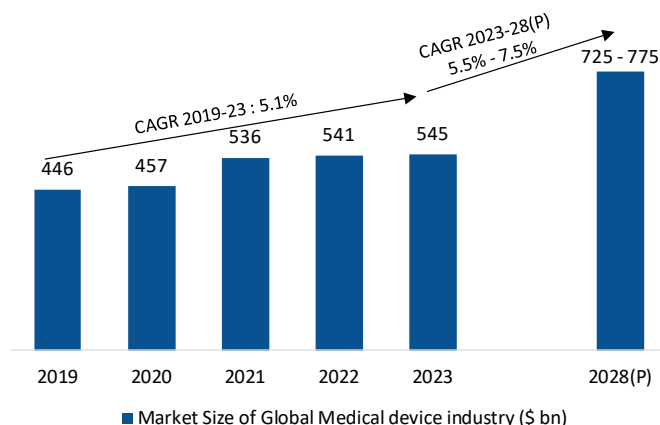
Segmentation of Indian Healthcare industry



Source: Company AR, LKP Research

The global medical device industry experienced a compound annual growth rate (CAGR) of 5% from 2019 to 2023, increasing from \$446 bn to \$545 bn. Looking ahead, the global medical device industry is projected to reach \$725-775 bn by 2028, with a CAGR of 5.5-7.5%. This growth will be driven by factors such as an aging population, increasing burden of non-communicable diseases, rising healthcare spending, and growing healthcare spending in developing and middle-income countries. Additional growth drivers include the introduction of new technologies, enhanced healthcare data security, increasing disposable income, and a rising incidence of sedentary lifestyle-related diseases.

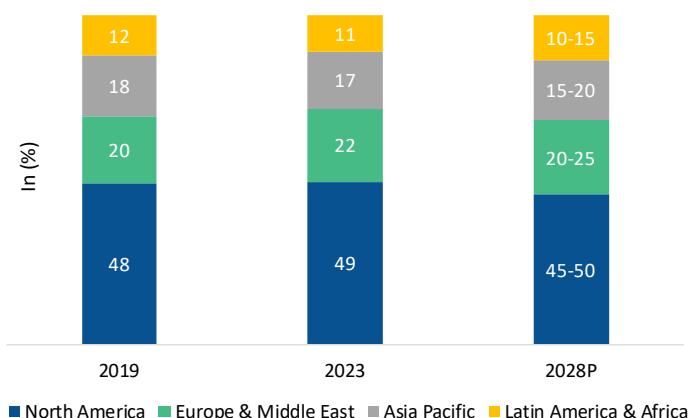
Market Size of Global Medical device industry



Going forward Asia Pacific region is expected to grow reaching 10-15% as the consumption market in this region grows strongly with increase in population, healthcare expenditure and economic output (GDP), while North America is expected to maintain its dominant position.

Source: Company, LKP Research

Geographical break-up of global medical devices industry



Note: The above break-up is based on geographic segmental revenues reported by top MNC's companies across the globe.

Source: Company, LKP Research

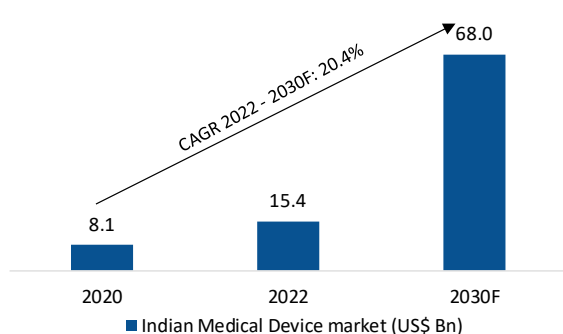
Indian healthcare & Medical Devices among the fastest growing sectors

Indian Healthcare industry is segmented into Hospitals, Pharmaceuticals, Diagnostics, Medical equipment supplies, medical insurance, and Telemedicine. The estimated market size of the Indian Healthcare industry is US\$ 352 bn in 2022, and it is estimated to grow at CAGR of 22.0%. The industry is expanding due to the country's rapid economic growth, middle-class income gains, and health insurance carriers expanded market penetration. Furthermore, there has been a nationwide surge in government healthcare spending due to shifting demographics and a move from chronic to lifestyle disorders. The Indian Healthcare Market is expected to reach US\$ 636 bn by 2025.

Medical devices expected to grow fastest at 20%+ CAGR over FY22-30

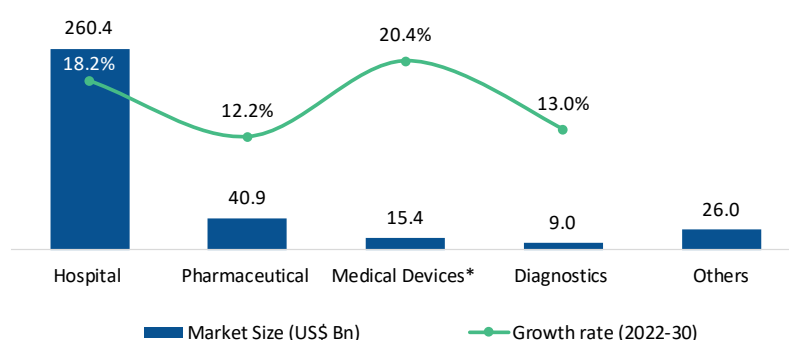
The Indian Healthcare market is dominated by Hospital segment with about 74% share (US\$ 260.4 bn, 2022), followed by Pharmaceutical with about 11.6% Share (US\$ 40.9 bn, 2022), Medical Devices with about 4.4% share (US\$ 15.4 bn, 2022), and Diagnostics with about 2.6% share (US\$ 9 bn, 2022). Among the Healthcare segments, the Medical Device segment is expected to grow fastest between 2022 and 2030 with a CAGR of about 20.4%, followed by Hospitals (18.2%), Diagnostics (13.0%) and Pharmaceuticals (12.2%).

Indian Medical Device market* (US\$ Bn)



*Included exports, Source: Laxmi Dental RHP, LKP Research

Indian Healthcare Market, Segments (US\$ Bn), 2022



Note: Medical Device market includes exports. Source: Laxmi Dental RHP, LKP Research

The Indian Medical Device market is estimated to reach US\$ 50 bn by 2030 at a growth rate of 20.4% from its estimated value of US\$ 15.4 bn in 2022. It is estimated to contribute 1.65% of the global medical device market. Export of medical devices from India increased from ₹143 bn in 2020 to ₹280 bn in 2024. The Indian medical device exports are projected to reach US\$ 18 bn in 2030. The major export countries for Indian Medical devices are the US, Germany, China, Singapore, France, Turkey, Brazil, The Netherlands, Iran, and Belgium. India exported most medical devices to the US (\$668.9 mn) in 2023, followed by export to Germany (\$176.2 mn), China (\$145.6 mn), and the Netherlands (\$106.5 mn).

Key growth drivers in Indian medical device market

- Rising income levels, healthcare expenditure, and demand for quality healthcare services.
- Increasing occurrence of chronic and lifestyle diseases and ageing population.
- Growing awareness about healthcare diagnostics, prevention, and expanding health insurance coverage.
- Increase in medical insurance penetration - Insurance penetration (premiums as percentage of GDP) in India reached 4% in FY22 from 2.7% in FY02.
- Large senior citizen population of 146 mn (60+ years) in 2021 which is expected to reach 171 mn by FY26.
- The Medical tourism in India has grown at 52% CAGR from 2020 to 2023, with 65-75% share from neighbouring countries.
- Foreign direct investment (FDI) equity inflows in the medical and surgical appliances has increased from ₹22 bn in FY20 to ₹40 bn in FY24, at 16% CAGR.

Market Size of Indian Medical Device Segments (US\$ Bn)

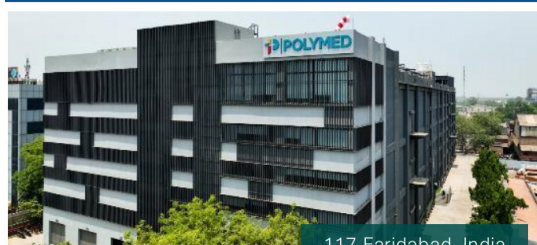
Segment	Market Size 2022	Share 2022	Estimated Market Size 2030F	Forecast CAGR (2022-30F)
Equipment & Electronics	7.3	47.0%	27.4	18.0%
Disposables & Consumables	4.0	26.0%	19.4	21.8%
IVD and Reagents	1.8	12.0%	9.4	23.0%
Implants	1.4	9.0%	6.1	20.2%
Surgical Instruments	0.9	6.0%	5.6	25.7%
Total	15.4		68.0	20.4%

Source: Laxmi Dental RHP, LKP Research

Company Overview

PML is among India's top five medical device companies, it offers a diverse portfolio spanning infusion therapy, oncology, anesthesia, respiratory care, urology, gastroenterology, surgery, dialysis, diagnostics, and more. In FY23, PML entered cardiology and critical care to expand its offerings. As of June 30, 2024, the company had 123 categories and 6,745 SKUs of medical devices. PML operates a strong distribution network with 506 distributors across India, catering to 9,000 hospitals and nursing homes. Globally, it supplies products to 260 distributors across key markets, with exports contributing 70% to FY24 revenues. The company's DSIR-approved R&D facility in Faridabad has driven innovation, earning 334 granted patents and 3 pending applications as of Jan, 2024. PML focuses on safety devices and has received US FDA 510(k) approvals for its IV cannula and IV sets, enabling entry into the U.S. market. Its R&D efforts support cost-efficient, sustainable manufacturing and product development.

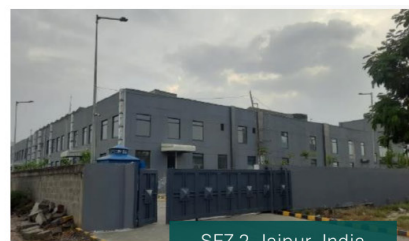
Manufacturing & R&D Facilities



117, Faridabad, India



IMT 1, Faridabad, India



SEZ 2, Jaipur, India



115-116, Faridabad Plant, India



SEZ 1 Jaipur, India



Laiyang-qingdao, China



104-105, Faridabad Plant, India



R & D Centre, India



Amaro, Italy



Haridwar Plant, India



























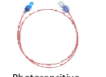


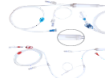























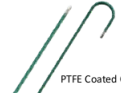
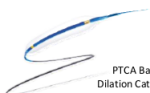

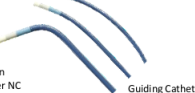





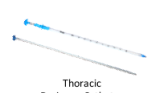



























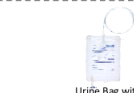













Assuit, Egypt



IMT 2, Faridabad India

Source: Company, LKP Research

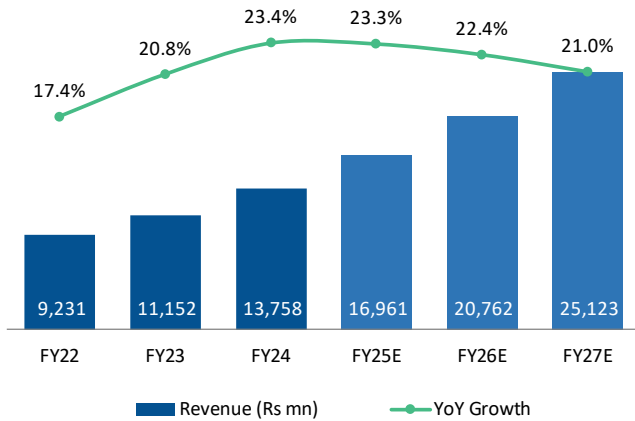
Product Portfolio

Vascular Access	 IV Cannula	 Arterial Catheter	 Central Venous Catheters	 Mini Mid Lines - OTN	 Peripherally Inserted Central Catheter	 Peripherally inserted Venous Catheters	 Safety Introducer Needle	 Safety Winged Infusion Set					
Infusion Therapy	 Extension Lines with Needle Free Connectors	 Infusion Set with Flow regulator	 Three Way Stop Cock with Extension Tube	 Vial Access Spike with Integrated Valve	 Manifolds	 Arterial Blood Collection Syringe	 Prefilled Saline Syringe	 Needle Free Connectors					
Oncology	 Implantable port	 PICC Catheter	 Mini Mid Lines- OTW	 Safety IV Cannula With Blood Control	 Safety Huber Needle	 Disinfecting Cap	 IV Infusion Set For Photosensitive Drugs	 Safety Closed IV Catheter System	 Photosensitive HP Line				
Dialysis	 Dialysis System	 Dialyzer	 Blood Lines	 Fistula Needle	 Hemodialysis Catheter	 Hemodialysis Kit	 Peritoneal Dialysis Set	 Peritoneal Dialysis Transfusion Set	 Transducer Protector				
Transfusion System	 ACD Bag	 Blood Bag Systems	 Blood Bag with Safety Device & Sampling Bag	 CPD-SAGM-TOTM Bag System	 Blood Bag with In-Line RBC Filter	 Top & Bottom Extraction Bag System	 Blood Administration Set	 Transfusion Pump Set					
Diagnostics	 Blood Collection Tubes	 Safety Blood Collection Set	 Rapid Kits	 Fever Panel	 VTM Kit	 Standard Needle Holder	 Blood Collection Needle						
Cardiology	 Diagnostic Catheter	 Hydrophilic Guidewire	 PTFE Coated Guidewire	 PTCA Balloon Dilation Catheter SC	 PTCA Balloon Dilation Catheter NC	 Guiding Catheter							
Surgery and Wound Drainage	 Closed Wound Suction Unit	 Closed Wound Suction Unit with Spring	 High Pressure Vacuum Bottles	 Redon Drain Tubes	 Under Water Seal Drainage	 Thoracic Drainage Catheter	 Yankauer Section Set	 Yankauer Section Handle					
Anesthesia & Respiratory Care	 Bain Circuits	 Catheter Mount	 Endotracheal Tubes	 Guedel Airway	 HME Filter	 Mucus Extractor	 Nasal Oxygen Cannula	 Nebulizer Compressor System	 Nebulizer Mask	 Oxygen Catheter	 Oxygen Mask	 Respiratory Exerciser	 Suction Catheter
Gastroenterology	 Enteral Connector	 Stopcock with Enteral Connector	 Feeding Bag	 Enteral Extension Set	 Infant Feeding tube	 Levin's Tube	 Ryle's Tube	 Umbilical Catheter					
Urology	 Foley Balloon Catheters	 Irrigation Set	 Leg Bag Set	 Urine Collection Bags	 T-type Bottom Outlet & Sampling Port	 Urine Bag with	 Pediatric Urine Collection bag	 Urine Drainage Catheters					
Critical Care	 Safety Huber Needle	 Vial Access Spike	 Quick Flashback IV Cannula with Adva Needle Technology	 Safety Closed IV Catheter System	 Mini Mid Lines - OTN	 Mini Mid Lines - OTW	 Manifolds	 Central Venous Catheters	 Spinal Needles	 Peripherally Inserted Central Catheter			

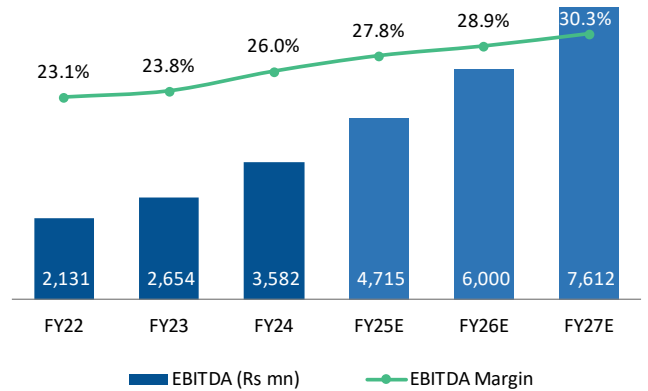
Source: Company, LKP Research

Story in charts

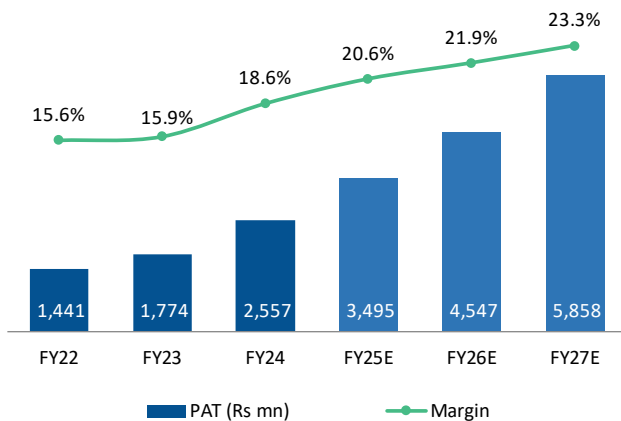
Resilient exports, expanding domestic reach to propel growth



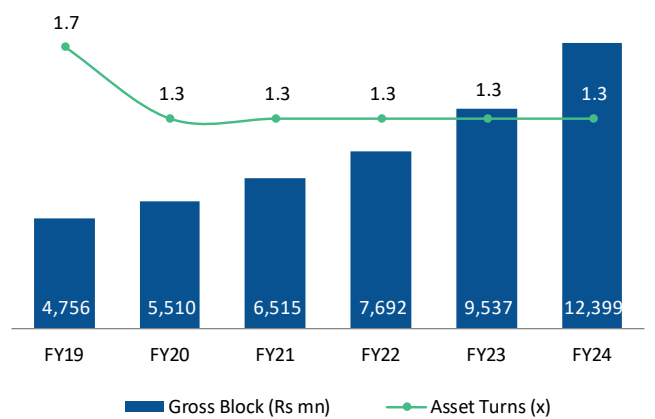
100-150 bps EBITDA margin improvement expected



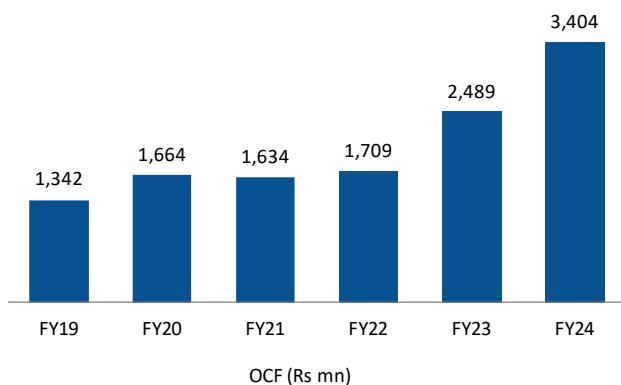
PAT margin to improve as EBITDA sees improvement



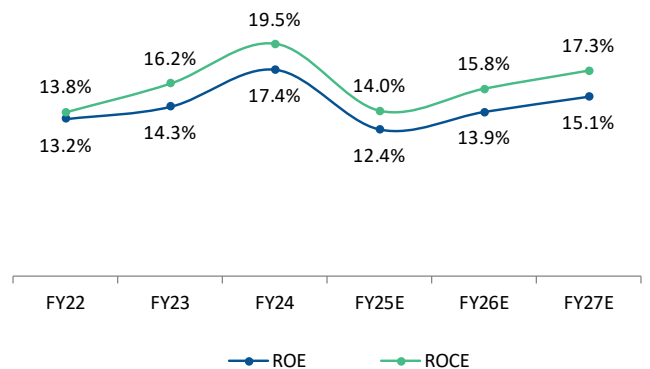
Gross block is almost 2.5x in FY24 over FY19



CFO clocked a robust CAGR of 20.5% over FY19-24

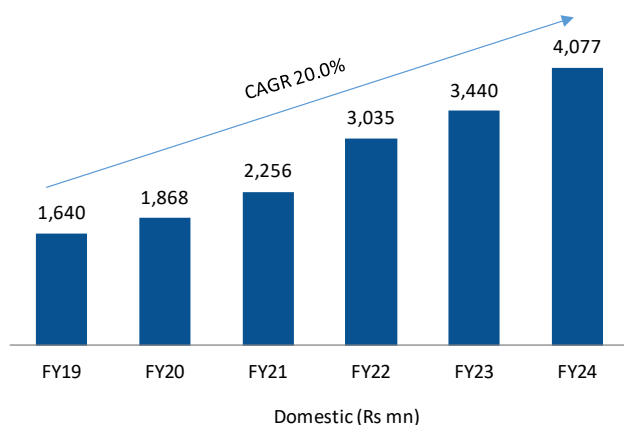


ROE & ROCE see a drop post-QIP likely to improve gradually

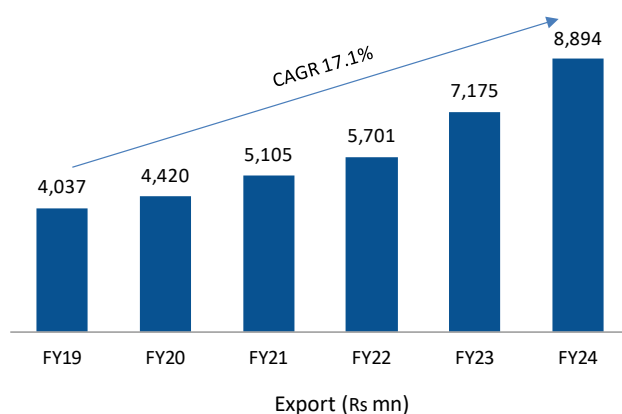


Source: Company, LKP Research

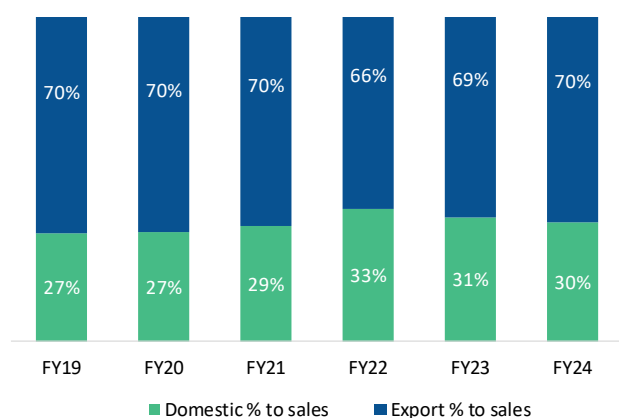
Domestic revenue grew at a 20% CAGR between FY19-24



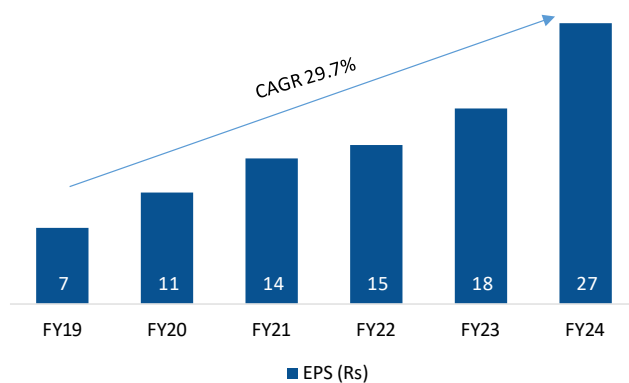
Exports grew at 17% CAGR over FY19-24



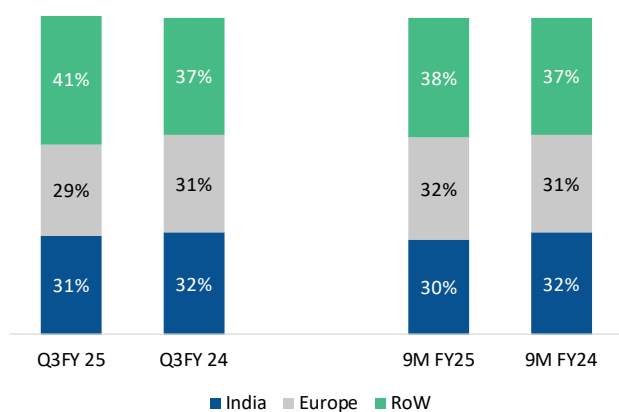
Strong domestic growth, yet 70:30 mix steady



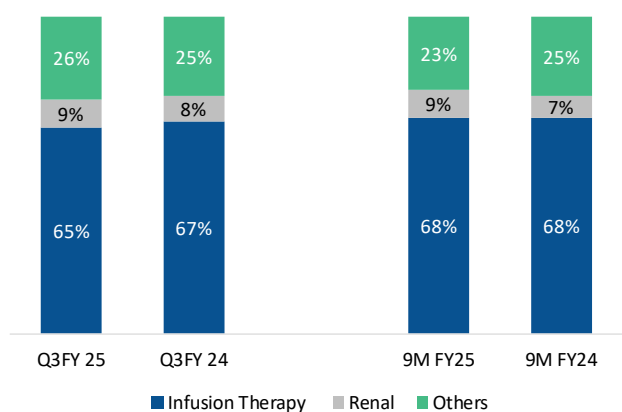
Strong 29.7% CAGR growth in EPS over FY19-24



Geography Wise Revenue Mix



Revenue Mix by Segment



Source: Company, LKP Research

Key Risks

- **Potential delays in new facility commissioning:** PML's revenue growth guidance of 22-24% relies heavily on the timely commissioning of its upcoming facilities. Any delays in commercializing these projects could challenge the company's ability to meet its revenue growth targets.
- **Overdependence on European markets:** With Europe contributing approximately 80-85% of export revenue, any adverse developments in the region, such as regulatory changes or market disruptions, could impact overall growth. While PML continues to gain market share in Europe, this heavy reliance presents a concentration risk.
- **Supply chain and raw material dependency:** Around 70% of PML's raw materials are imported, primarily from Korea, along with the US, China, and Taiwan. Disruptions in global supply chains or increased logistics costs could exert pressure on margins and operational efficiency.

Outlook & Valuation

PML is a key player in the medical device industry with a strong foothold in highly regulated export markets. While traditionally focused on consumables and disposables, the company is now transitioning towards high-entry barrier medical devices, presenting significant growth potential. PML has not only navigated the complexities of a highly regulated market but has excelled in it, leveraging its manufacturing expertise and stringent compliance standards. Given the challenges in replicating such manufacturing capabilities—long lead times, regulatory approvals, and high capital intensity—PML's business remains resilient with a high degree of recurring revenues, making it well-positioned for sustained long-term growth.

PML has been a consistent performer over the last decade (FY14-24) with an impressive Revenue/EBITDA/PAT CAGR of 18%/21%/22% respectively. PML stands out with a diverse portfolio of 123 categories and 6,745 SKUs of medical devices, supported by a robust distribution network of 506 distributors across India and 260 globally, catering to 9k hospitals and nursing homes. PML currently trades at 38x on its FY27E EPS ₹58. We believe the premium valuations are justified owing to a) import substitution trend in medical devices, b) improving healthcare infrastructure in underpenetrated regions c) expansion in renal and diagnostics portfolio and d) favourable government policies for promoting domestic medical device manufacturing. We estimate PML's Revenue/EBITDA/PAT to clock 22%/29%/32% CAGR over FY24-27E and initiate coverage on PML with a **BUY** rating and a TP of ₹2,900.

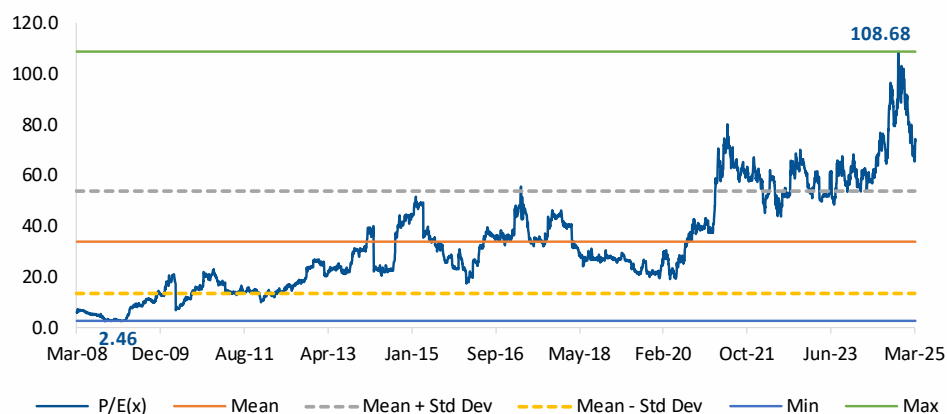
International Peers

Company	MCAP (USD mn)	Revenue Growth (Compounded)	EBITDA Margin			EPS Growth (Compounded)	ROCE			ROE			P/E		
		Last 5 Years	FY22	FY23	FY24	Last 5 Years	FY22	FY23	FY24	FY22	FY23	FY24	FY24	FY25E	FY26E
Polymedicure	2,491	17.6%	23.1%	23.8%	26.0%	29.7%	13.8%	16.2%	19.5%	13.2%	14.3%	17.4%	81.3	62.6	48.1
Becton Dickinson	65,309	3.1%	24.6%	23.5%	24.2%	2.4%	5.1%	4.5%	4.8%	7.7%	5.9%	6.6%	18.3	15.8	14.6
Nipro*	1,467	1.1%	14.2%	12.2%	13.8%	-	2.4%	0.9%	1.9%	7.8%	2.3%	5.1%	18.0	14.5	12.3
Teleflex	6,420	3.3%	27.3%	26.2%	0.0%	4.7%	7.0%	7.0%	0.0%	9.3%	8.4%	0.0%	10.0	11.7	10.6
ICU Medical*^	3,189	13.5%	10.2%	12.2%	13.3%	-	4.0%	1.4%	5.8%	-4.0%	-1.4%	-5.8%	NA	NA	NA

* Last 5 yr CAGR for Nipro -6.6%, * ICU Medical EPS negative since FY22, ^ PE not present due to negative EPS

Source: Company, LKP Research

PE (x) mean and standard deviation



Source: ACE Equity, LKP Research

EV/EBITDA (x) mean and standard deviation



Source: ACE Equity, LKP Research

Income Statement (Consolidated)

(₹ mn)	FY24	FY25E	FY26E	FY27E
Revenue	13,758	16,961	20,762	25,123
Raw Material Cost	4,826	5,631	6,851	8,290
Employee Cost	2,459	3,053	3,571	4,070
Other Exp	2,891	3,562	4,339	5,150
EBITDA	3,582	4,715	6,000	7,612
<i>EBITDA Margin(%)</i>	<i>26.0%</i>	<i>27.8%</i>	<i>28.9%</i>	<i>30.3%</i>
Depreciation	639	772	814	914
EBIT	2,943	3,943	5,186	6,698
<i>EBIT Margin(%)</i>	<i>21.4%</i>	<i>23.2%</i>	<i>25.0%</i>	<i>26.7%</i>
Other Income	587	848	1,038	1,306
Interest	113	119	146	177
Profit Before tax (PBT)	3,417	4,671	6,078	7,828
<i>PBT margin (%)</i>	<i>24.8%</i>	<i>27.5%</i>	<i>29.3%</i>	<i>31.2%</i>
Tax	860	1,168	1,519	1,957
Adj Profit After Tax	2,557	3,504	4,558	5,871
<i>PAT Margins (%)</i>	<i>18.6%</i>	<i>20.7%</i>	<i>22.0%</i>	<i>23.4%</i>
Rep PAT	2,583	3,533	4,558	5,871
<i>RPAT Margins (%)</i>	<i>18.8%</i>	<i>20.8%</i>	<i>22.0%</i>	<i>23.4%</i>

Key Ratios

YE Mar	FY24	FY25E	FY26E	FY27E
Per Share Data (.)				
Adj. EPS	27	35	45	58
CEPS	33	42	53	67
BVPS	153	279	324	382
Growth Ratios(%)				
Revenue	23.4%	23.3%	22.4%	21.0%
EBITDA	35.0%	31.6%	27.2%	26.9%
EBIT	30.8%	41.3%	34.0%	31.5%
Adj.PAT	44.2%	37.0%	30.1%	28.8%
Valuation Ratios (X)				
PE	82	64	49	38
P/CEPS	65	51	41	32
P/BV	14	8	7	6
EV/Sales	15	12	10	8
EV/EBITDA	58	44	34	27
Operating Ratios (Days)				
Inventory days	162	152	146	146
Receivable Days	72	74	75	80
Payables day	71	66	65	66
Net debt to Equity (x)	0.1	0.0	-0.1	-0.1
Performance Ratios (%)				
AROA (%)	13.8%	10.7%	12.1%	13.2%
AROE (%)	17.4%	12.4%	13.9%	15.2%
AROCE (%)	19.5%	13.9%	15.8%	17.3%
Asset Turnover(x)	1.3	1.2	1.3	1.4
Inventory Turnover(x)	2.2	2.4	2.5	2.5

Balance Sheet (Consolidated)

(₹ mn)	FY24	FY25E	FY26E	FY27E
Equity and Liabilities				
Equity Share Capital	480	506	506	506
Reserves & Surplus	14,221	27,753	32,312	38,183
Total Networth	14,701	28,260	32,818	38,689
Long term Borrowings	11	11	11	11
Other Non-Current liabilities	363	363	363	363
Total non-current liab & provs	374	374	374	374
Current Liabilities				
Short term Borrowings	1,691	1,696	2,076	2,512
Trade Payables	956	1,095	1,351	1,658
Other current & fin liabilities	865	1,188	1,188	1,188
Total current liab and provs	3,512	3,979	4,616	5,358
Total Equity & Liabilities	18,587	32,613	37,808	44,421
Assets				
Gross block	12,399	14,899	17,149	19,399
Net block	6,408	8,764	10,512	11,968
Capital WIP	667	822	1,007	1,218
Other non current assets	3,095	2,488	2,195	2,096
Inventories	2,210	2,468	3,003	3,634
Trade receivables	2,699	3,439	4,266	5,506
Cash & cash equivalents	121	2,050	4,242	7,417
Other current assets	3,386	12,582	12,582	12,582
Total current Assets	8,416	20,539	24,094	29,140
Total Assets	18,587	32,613	37,808	44,421

Cash Flow (Consolidated)

(₹ mn)	FY24	FY25E	FY26E	FY27E
PBT	3,443	4,671	6,078	7,828
Depreciation	639	772	814	914
Interest	113	119	146	177
Other Adjustments	-384.57	29.05	0.00	0.00
Operating CF before WC changes	3,810	5,592	7,038	8,919
Changes in working capital	-407	-535	-1,106	-1,565
Tax paid	-743	-1,168	-1,519	-1,957
Cash flow from operations (a)	2,661	3,889	4,413	5,397
Capital expenditure	-2,770	-2,675	-2,454	-2,481
Other investing activities	361	-9,196	0	0
Cash flow from investing (b)	-2,409	-11,872	-2,454	-2,481
Free cash flow (a+b)	251	-7,982	1,958	2,916
Proceeds/Repayments from borrowings	211	5	380	436
Other flows in financing activities	-413	9,907	-146	-177
Cash flow from financing (c)	-202	9,912	234	259
Net chng in cash (a+b+c)	50	1,929	2,192	3,175
Closing cash & cash equivalents	121	2,050	4,242	7,417

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