



TM

25 September 2025

## Poly Medicure

### Foray into high value Orthopedics space - Citieffe Acquisition

#### COMPANY UPDATE

Sector: Healthcare Rating: HOLD

CMP: Rs 2,055 Target Price: Rs 2,016

#### Stock Info

Sensex/Nifty	81,159/ 24,890
Bloomberg	PLM IN
Equity shares	101mn
52-wk High/Low	Rs 3,358/1,821
Face value	Rs 5
M-Cap	Rs 208bn/ USD 2.31bn

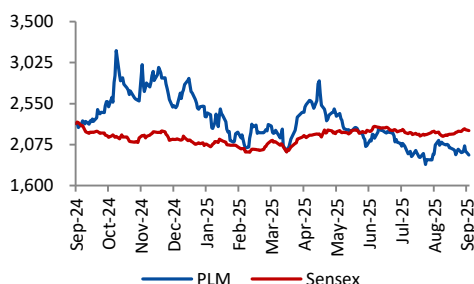
#### Financial Snapshot (Rs mn)

Y/E March	FY25	FY26E	FY27E
Sales	16,698	20,360	24,446
Gross profit	11,151	13,629	16,369
Gross Margin (%)	66.8%	66%	66%
EBITDA	4,531	6,048	7,510
Margin (%)	27.1%	30%	31%
PAT	3,388	3,685	4,544
EPS	33.4	36.6	44.8
DPS (Rs)	5.0	5.5	6.7
ROE (%)	16.0%	12.6%	13.9%
P/E(x)	57.5	52.8	42.8
EV/EBITDA (x)	43.0	32.7	26.3

#### Shareholding pattern (%)

	Dec-24	Mar-25	Jun-25
Promoter	62.56	62.44	62.44
FII	11.88	12.33	11.41
DII	12.33	11.66	11.72
Others	13.23	13.57	14.43

#### Stock Performance (1-year)



Poly Medicure (PLM IN) has announced acquisition of the Citieffe Group (Euro 31mn, at 10x EBITDA) which is an Italy based medical device manufacturer focused on the fast-growing trauma and extremities sub-segment in the orthopedics space. This is the second acquisition by PLM in recent past and in line with their strategy to build presence in high value categories in medical device space inorganically. We understand the acquisition has been done with a long term view. It adds niche capabilities to PLM and helps them enter a space with meaningful entry barriers and with a large growth potential. The contribution margin of acquired business is high (~90%) and as they scale up we will see operating leverage kicking in meaningfully. There is enough spare capacity for Citieffe to scale up meaningfully higher from current levels without any incremental meaningful investments. Foray into plates manufacturing (expected in the near term) will meaningfully expand the target addressable market for Citieffe. There are global players already entrenched in the category and hence PLM will need to find ways to differentiate to accelerate growth for themselves. We retain our Rating to HOLD and Target Price to Rs 2,016 with a multiple of 45x on FY27 EPS.

#### Acquisition Highlights

- PLM has announced the acquisition of the Citieffe Group, its second acquisition in September. The acquisition is part of PLM inorganic growth strategy, which focuses on acquiring high-technology companies that provide access to key markets like Europe and the US. The acquisition of Citieffe provides a platform for PLM to expand into the orthopedics segment, specifically focusing on the fast-growing trauma and extremities sub-segment.
- Founded in 1962 in Italy, Citieffe is a vertically integrated developer, manufacturer, and distributor of trauma and extremity fixation systems. The company has an integrated business model covering everything from product R&D to distribution.
- The product portfolio includes internal fixators (e.g., Estremo nails, DT Humerus), external fixators (e.g., Dolphix, Rekrea), and general instruments.
- The portfolio is EU MDR compliant and accredited in key markets like the US. The company holds over 45 patents.
- Citieffe operates a 2,100 square meter manufacturing facility in Bologna, Italy, which is currently at 60% capacity utilization.
- The company has a direct sales presence in Italy, the US, and Mexico, which accounts for approximately 85% of its sales. It is the second-largest independent player in Italy and one of the top players in Mexico in its segment.
- The net block of the company is EUR 5 Mn
- The transaction is expected to close within the next 4-8 weeks, subject to customary closing activities. The existing management team, including CEO Pascal Govi, will remain with the company.

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**Synergy and Strategic Rationale**

- PLM plans to introduce Citieffe's products in India and plans to enter the joints replacement market in the medium term.
- The acquisition will allow for an accelerated growth in developed markets, specifically in the US, by hiring more sales representatives and leveraging PLM distribution network.
- PLM aims to reduce production costs by outsourcing a part of the manufacturing process to India, leveraging PLM manufacturing expertise.
- Citieffe's proven, scalable platform with a CY24 revenue of €17.3 million and an EBITDA of €3.1 million, and a year-on-year growth of 15% and 14% respectively, offers significant growth potential.

## FINANCIALS

## Profit &amp; Loss Statement

YE: Mar (Rs mn)	FY23	FY24	FY25	FY26E	FY27E
<b>Net Revenues</b>	<b>11,152</b>	<b>13,758</b>	<b>16,698</b>	<b>20,360</b>	<b>24,446</b>
YoY gr. (%)	21%	23%	21%	22%	20%
Cost of Goods Sold	4,059	4,826	5,547	6,731	8,077
Gross Profit	7,094	8,932	11,151	13,629	16,369
Margin (%)	64%	65%	67%	67%	67%
Employee Cost	2,028	2,459	3,013	3,405	3,848
Other Expenses	2,412	2,891	3,608	4,176	5,011
<b>EBITDA</b>	<b>2,654</b>	<b>3,582</b>	<b>4,531</b>	<b>6,048</b>	<b>7,510</b>
YoY gr. (%)	25%	35%	26%	33%	24%
<b>Margin (%)</b>	<b>24%</b>	<b>26%</b>	<b>27%</b>	<b>30%</b>	<b>31%</b>
Depreciation and Amortization	572	639	826	1,218	1,413
EBIT	2,082	2,943	3,704	4,830	6,097
Margin (%)	19%	21%	22%	24%	25%
Net Interest	88	113	120	155	171
Other Income	366	587	891	169	66
Exceptional Items	-	-	-	-	-
Profit Before Tax	2,360	3,417	4,475	4,844	5,992
Margin (%)	21%	25%	27%	24%	25%
Total Tax	582	860	1,140	1,187	1,498
Effective tax rate (%)	25%	25%	25%	25%	25%
Minority Interest & Share of					
Loss from Associates	15	25	52	52	52
Profit after tax	1,793	2,583	3,388	3,709	4,546
<b>EPS</b>	<b>18.7</b>	<b>26.9</b>	<b>33.4</b>	<b>36.6</b>	<b>44.8</b>
YoY gr. (%)	22%	44%	24%	9%	23%

Source: Company, Systematix Institutional Research

## Cash Flow

YE: Mar (Rs mn)	FY23	FY24	FY25	FY26E	FY27E
PBT	2,375	3,443	4,525	4,844	5,992
Depreciation	572	639	832	1,218	1,413
Interest	88	113	120	155	171
Others	9	-385	-605	-169	-66
Working capital	-500	-407	-1,543	-740	-1,249
Direct tax	-579	-743	-924	-1,187	-1,498
<b>Net cash from Op. activities</b>	<b>1,965</b>	<b>2,661</b>	<b>2,404</b>	<b>4,121</b>	<b>4,763</b>
Net Capital expenditures	-2,393	-2,770	-3,310	-6,425	-3,500
Others	603	361	-8,633	169	66
<b>Net Cash from Invst. activities</b>	<b>-1,790</b>	<b>-2,409</b>	<b>-11,943</b>	<b>-6,256</b>	<b>-3,434</b>
Issue of share cap. / premium	4	3	10,000	-	-
Debt changes	210	211	86	717	-
Dividend paid	-240	-287	-303	-556	-682
Others	-85	-128	-	500	206
<b>Net cash from Fin. activities</b>	<b>-111</b>	<b>-202</b>	<b>9,782</b>	<b>661</b>	<b>-476</b>
<b>Net change in cash</b>	<b>64</b>	<b>50</b>	<b>244</b>	<b>-1,475</b>	<b>853</b>

Source: Company, Systematix Institutional Research

## Balance Sheet

YE: Mar (Rs mn)	FY23	FY24	FY25	FY26E	FY27E
Equity Share Capital	480	480	507	507	507
Reserves & Surplus (Ex OCI)	11,937	14,221	27,150	30,302	34,166
<b>Net Worth</b>	<b>12,416</b>	<b>14,701</b>	<b>27,657</b>	<b>30,809</b>	<b>34,673</b>
Short term debt	1,289	1,691	1,776	2,379	2,704
Long term debt	175	11	-	717	717
Trade payables	922	956	864	1,529	1,835
Other Provisions	6	6	4	4	4
Other liabilities	963	1,222	1,623	1,623	1,623
<b>Total Liabilities</b>	<b>15,771</b>	<b>18,587</b>	<b>31,925</b>	<b>37,062</b>	<b>41,556</b>
Net block	6,408	8,764	10,957	16,164	18,251
CWIP	726	667	897	897	897
Other Non-current asset	568	739	901	901	901
Cash and Cash Equivalents	1,831	1,469	1,513	39	891
Debtors	2,354	2,699	3,497	4,298	5,161
Inventories	2,087	2,210	2,856	3,460	4,152
Other current asset	1,797	2,038	11,303	11,303	11,303
<b>Total Assets</b>	<b>15,771</b>	<b>18,587</b>	<b>31,925</b>	<b>37,062</b>	<b>41,556</b>

Source: Company, Systematix Institutional Research

## Key Financial Metrics

YE: Mar (Rs mn)	FY23	FY24	FY25E	FY26E	FY27E
<b>Per Share (Rs)</b>					
EPS	18.7	26.9	33.4	36.6	44.9
CEPS	24.7	33.6	41.6	48.6	58.8
BVPS	129.5	153.3	273.0	304.2	342.3
DPS	2.5	4.0	5.0	5.5	6.7
<b>Return Ratio (%)</b>					
RoCE	16.0	19.4	16.2	15.3	16.9
RoE	15.4	19.0	16.0	12.7	13.9
<b>Balance Sheet</b>					
Net Debt: Equity (x)	-0.0	0.0	0.0	0.1	0.1
Net Working Capital (Days)	158.2	158.5	174.5	176.2	166.6
<b>Valuation (x)</b>					
PER	102.8	71.4	57.5	52.5	42.8
EV/EBITDA	69.3	51.5	43.0	32.7	26.3
EV/Sales	16.5	13.4	11.7	9.7	8.1

Source: Company, Systematix Institutional Research

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