“3B BlackBioDx Limited

Q1 FY ‘26 Conference Call”

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MODERATOR: **MR. RANVIR SINGH – NUVAMA WEALTH**

Moderator: Ladies and gentlemen, good day and welcome to the 3B BlackBioDX Limited Q1 FY26 Conference Call hosted by Nuvama Wealth. 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 star then zero on your touchtone phone.

I now hand the conference over to Mr. Ranvir Singh from Nuvama Wealth. Thank you and over to you, sir.

Ranvir Singh: Yes, thank you, moderator. So on behalf of 3B BlackBioDX Limited, I extend a very warm welcome to all participants on the Q1 FY26 financial results discussion call. Today on our call, we have Mr. Dhirendra Dubey, Chairman and Managing Director, and Mr. Nikhil Dubey, Whole-Time Director. Before beginning with this call, I would like to give a short disclaimer. This call may contain some of the forward-looking statements which are completely based on the management's belief, opinion, and expectations as of today. These statements are not a guarantee of company's future performance and involve unforeseen risk and uncertainties.

With this, I would have to hand over the call to Mr. Dhirendra Dubey for his opening remarks. Over to you, sir. Dhirendra sir.

Dhirendra Dubey: Good evening to all. Welcome to this con call. This is our first earning call after a lot of requests from the USS. So I think you already have gone through the PPT which has been uploaded along with the results. So I will straight away go to the MDX financial highlights where you will see, because that is the main interest of all the shareholders, that in Q1, our sales have been INR19.96 crores, which is almost 18% higher compared to INR16.94 crores for the Q1 last year.

And the EBITDA has been INR16.19 crores, which is again higher by 11% on the face of it. But if we exclude the INR80 lakhs of expenses, which is one time which was done for the M&A, then it would again go to 17% compared to the 14.58. And now I would like to take you to the slide 16. So the total addressable market for the Indian molecular diagnostic is estimated to be INR350 crores to INR450 crores as per the slide 16.

We hold 12 to 15% market share, positioning ourselves as market leaders, our brand is very well recognized, and the quality, service, and other things which we provide to our customers is the main reason why we are able to be leader or hold a high percentage of the market share.

The MDX industry is projected to grow at 8% to 10% CAGR over the next few years in India, due to increasing adoption across diagnostic labs and hospitals and government projects. While this growth is attracting increasing competition, we are hoping to grow at 15% to 20% for FY25-26, backed by our extensive product portfolio and strong market presence over the years, and high quality products will be accepted by the customer. The launch of unique panels will expand our market reach, capture high growth segments, and drive sustained growth.

Increasing aging population in India, lifestyle changes, evidence-based treatment, and better access to healthcare will play a major role in our growth. Now, for so many years, we were searching for the M&A targets, and finally, we were able to find and negotiate down one target which took a long time. So, that is mentioned on slide 30, so, which is already the thing.

So, your company 3B, along with its UK subsidiary 3B, is pleased to announce that it has entered into a definitive agreement with Avacta Group PLC London to acquire all the shares of Coris Holding SRL, the parent company of Coris Bioconcept, which is a 30-year old manufacturer of rapid diagnostic solutions for an upfront cash concentration of GBP2.15 million, including net cash and customary working capital adjustment, with an on-out base for future business performance of up 2.615 million pay bill, totaling to 2.765 million.

And the financial of Coris, according to the latest, EUR5.22 million was their top line, and they had a gross margin of 58.7%. However, they were slight EBITDA negative for 0.215 million. They have an asset of 4.14 million. So, with efforts to launch new products, enter new territories, and introduce better cost management, we expect to be EBITDA positive in 2026-27, as these efforts will take some time to materialize.

So, I think, as we have got a lot of shareholders, I would stop here, and it would be, we can take questions from now. Thank you.

Moderator: Thank you very much, sir. We will now begin the question and answer session. Our first question comes from the line of Ganesh from Dhanalakshmi Investment Services. Please go ahead.

Ganesh: Hello, sir. Thank you for giving this opportunity, sir. Sir, I just wanted to know about this industry. Almost all the companies in this domain earn very healthy gross margins, but some companies perform well, some do not. So, what are the key levers to create a successful company? Also, an allied question is, why do not companies reduce their margins to cut each other on cost basis? Thank you.

Dhirendra Dubey: Your question is very generic about the industry, you are saying. So, basically, for a molecular diagnostic industry, I do not think there are too many listed players. But if you are talking about general…

Ganesh: Yes, I am talking about the global perspective, sir. Globally, we can see many players?

Dhirendra Dubey: So, you know what happens is, this is the cost of goods, which is low. It could be 20%, approximately, which is our case, and it can go up to 35%, 40% in other cases. But then in India, we have the cost of manpower, which is on the lower side.

We have the other expenses, which is on the lower side. So, that gives us the benefit of a higher EBITDA. But when you talk about companies in US, Europe, it will all vary because there are certain companies which are too big.

So, they do a very high volume sales and the manpower cost is very miniscule. And some companies do sales, but it is not so high and the manpower cost is much higher. So, it is basically, it is a technology driven product.

So, the cost of goods is low, which is the main reason. And how well you can control your manpower cost and the other costs, that decides whether you are going to be finally remaining high EBITDA positive or not.

Ganesh: Got it, sir. Sir, my next question would be, what is the typical process to convert a prospect to a customer? Say, if we are targeting a diagnostic chain, do we approach the head of the chain or is it a more granular approach?

Dhirendra Dubey: No, no, no. Basically first is, if we are approaching, then definitely we have to approach the person who is the scientific head in the lab. And he would then, after seeing our product presentation, product technical qualifications, he would say, okay, now you perform a demo and then we have to perform a demo in his lab and he would compare it.

Or if it is a new essay, he would see whether it is getting the right results desired and the workflow is reasonable to acceptable to the lab technicians or not. Once that is done successfully, then would come the purchase negotiations for the pricing and then it will be onboarded. And this could take typically, depends, it could take three months, it could take six months, depending on how soon the lab actually wants the essay.

Ganesh: Okay, got it, sir. Sir, my next question would be, sir, in general, what are the things that we manufacture and what are the things that we import or source as a raw material? And what is the allied question would be, what is the unique value add that we do to the raw materials? What is that we do that others can't generally do? So that would be my question. Thank you.

Dhirendra Dubey: No, basically, if you take a molecular diagnostic, we are dealing with certain typical genetic amplifying materials, we are dealing with enzymes, which are master mixes. So they're optimized when the R&D is done, that is the most crucial area.

So once the product is properly developed, it takes a lot of time, it takes one year, one and a half year to optimize these genetic amplification targets, and optimizing the master mixes and optimizing with a lot of samples and other things. And once that is done, then you can start going for the regulatory status approval, and then you can launch an essay.

Ganesh: Okay, sir. Thank you so much. I'll join back in the queue. Thank you so much.

Moderator: Thank you. Our next question comes from Suruchi Parmar with NX Wealth Management. Please go ahead.

Suruchi Parmar: Yes, hi. Thank you for the opportunity. I want to understand this, the acquisition we did for Coris, where we are saying this approximately a INR60 odd crores top line of company and it actually generates a gross margin of 58.7%. However, the EBITDA is negative. The first to understand is it a structural high expenditure which leads to negative EBITDA and what is our expectation to take this financial way forward for let's say one year forward?

What efficiency we will bring to make it EBITDA positive and what type of levers you are projecting? What is your guidance or projections basis this key? This losses will be curtailed and cut down and this will start generating a positive EBITDA or something? Thank you. Yes.

Dhirendra Dubey: So basically, Coris is selling multiple products. Primarily, it is AMR, which is growing, but then they have other products which are a lot of static. So it is the manpower cost, which is very high, which is the main reason for this slight loss which they are posting.

And basically, what we are trying to do is we are trying to expand the geographical reach so that this product can be started in US where we have to take FDA approval, which is going to take time. Based on US approval, we can go to Canada, we can go to Latin American countries. Currently, they are sitting in the Asia-Pacific countries. In India also, we have the technical collaboration and we are selling the product under our brand.

So if we get all this thing right, then basically, it will not be '25-'26. It will be '26-'27 when the sales will start increasing. And the manpower, because we have just done the acquisition, we will first see whether anything leads to downsizing, but that is not the agenda at all. Because we feel that all the people in the company are contributing. It is just that the top line has to increase, which will automatically take care of the manpower cost.

They have a very good R&D team of almost 10-12 people. So there are a lot of products in the pipeline which have to be launched, which will be launched in the next 6-12 months. They will start adding to the top line. Then we are trying to sell our PCR kit through their network. So there are overlapping, they have rapid distributors who can sell PCR kits and maybe we can sell their rapid tests. So there will be cross-sales which will again increase their top line.

So it is the top line which is focused to be increased, which will automatically reduce their manpower percentage and it will become EBITDA positive. And we expect to do this in '26-'27. So it will take at least 12 months to restructure things to add to the market and other things. But it is a strategic find because it is into the IVD space. The distributors and the hospital and labs are actually doing infectious testing. So exactly the customer and profile remains the same and it is into the IVD space.

And they have a good facility in Belgium, which we can also leverage for making PCR kits because we have the content, we have the know-how. So we can sell products either in our brand or it can be rebranded into the Coris name.

Suruchi Parmar: Okay, got it. Sir, what was the objective to acquire this Coris? Is it its product or is it its facilities or some client base or some approvals? Because the products are not like that which you cannot make it or is it something a different understanding?

Dhirendra Dubey: No, no. The AMR product which they have, only two to three companies have it globally. We cannot make it because the antibodies are quite controlled. And these three companies, even if we try to source them, we will get it at a price, which doesn't leave any margin for us. So this product of AMR, which they have got, they have got R&D pipeline products. We can do US FDA of their product.

It's a European headquartered company, so it has a different brand image based in Belgium. It has a lot of customers. It has almost 60 customers across Europe, Latin America. And it's a 30-year-old company. So it's only that the manpower cost is high, so it is currently into this thing. Otherwise, once the top line increases, it will do good.

Suruchi Parmar: Okay, so what type of margin we can assume, let's say, after a year, after a year?

Dhirendra Dubey: In three, not after one year, I can't say much. I think it will take some time, but I think in next three to four years, once it starts doing EUR7 million to EUR8 million, then we can think about 10% to 15% of EBITDA margin.

Suruchi Parmar: Okay. So EUR7 million to EUR8 million will also take, let's say, EUR5.2 million, they are still doing at December '24. So the 7 to 8 type of growth also will take it around, let's say, two years time, by FY '27 also?

Dhirendra Dubey: I think two to three years it will take.

Suruchi Parmar: Okay. So by two to three years, this will able to achieve a EUR7 million to EUR8 million top line, and we expect that we will be able to, let's say, do some EBITDA of 15%-20% time, something. Can we assume that number?

Dhirendra Dubey: No, 10% to 15%, 10% to 15%, because the manpower cost in Europe is very high, and those people are well-educated, but the government has got very high pay scale, so we can't do anything. But then that is the doorway to enter Europe. So selling in Spain, France, Germany, they are just neighboring country to Belgium.

So, and even in US FDA, a Belgium company, which has got a lot of R&D strength, it would be easier to do it. And from EBITDA negative to make it 10% to 15% EBITDA positive also is a challenge, which we, hopefully, we will do it.

Suruchi Parmar: So any, like employee closure or some settlement or payment, anything we have to do it?

Dhirendra Dubey: No, nothing is, no.

Suruchi Parmar: Okay, last question on Indian business side, in FY '25, we did around INR96 odd crores. Let me ask specifically, let's say, INR84 crores from the diagnostic kits business. Current quarter, we did around INR20 odd crores. So what should be the growth roadmap for this Indian business?

Dhirendra Dubey: We have already said that we will grow this year by 15% to 20%.

Suruchi Parmar: Okay, okay.

Dhirendra Dubey: So you can add, it could be 15%, it could be 20%, because we have got a lot of seasonal spikes, like flu, or dengue, chikungunya. So either way, it should be minimum 15%, it could be higher on the 20% side. So you can add on 84, you add 15% to 20%, you will get a number.

Moderator: Thank you. Our next question comes from Kumar Saurabh with Scientific Investing. Please go ahead.

Kumar Saurabh: So my question is on the industry. Molecular diagnostic as a percentage of industry size of whole diagnostic, what is the share? And do you see the Indian market is proportionally as how the world market is or our molecular diagnostic share of total diagnostic is much lower or higher than world average? And what are the reasons around it?

Dhirendra Dubey: So molecular diagnostics in India is very low of the entire diagnostic industry. Because it's a very niche field, you know, the major diagnostic industry is dominated by a biochemistry testing, which we do on a daily basis. And globally, because it is highly evidence based, it has a higher percentage molecular, but still the other things are much higher. So you have the immunology testing, you have the biochemistry testing, molecular is a niche area. As a percentage, it is very difficult to say because it's very low.

If you say, for example, if you say the entire diagnostic industry is because I don't have that exact number with me. So it is wrong for me to quantify it. But it's a very niche area. That's the reason why it can grow faster. Abroad, UK, America, it is highly developed. So the growth, of course, in the entire pie, it is still on a lower side. But abroad, it has already evolved to the full extent.

Kumar Saurabh: Got it, sir. Second, sir, on the acquisition side, I heard all the answers you gave for previous questions. But my question is, is the intent of acquisition, is it to become a global player, a prominent player in Europe? Have we done the acquisition with that kind of mindset? Or we acquired a company because we got it at a good price. And hence, we thought it's a good idea to go there and first turn it around, make it profitable, and then see what can be done with this.

Dhirendra Dubey: No, actually, Europe and US, these are the area where companies command some value. Because there is a R&D background, the product quality is well accepted. So we have been only looking at acquisitions in Europe and US.

And we acquired our distributor who is in UK, which helped us actually to acquire this company, because being present in UK gives some credibility. So now with this company, we will be having a base in Belgium, which is the European Union, which is actually after Brexit, UK is separated. So we have one base in UK, we have one base in Belgium.

And if we are able to do a few more acquisitions in US or in some other European company, so then it will become a very, very good sort of, you know, group, having companies across Europe, America, UK, India being the base. So it will add value to the entire group. And that is the intent.

So we don't acquire just for the sake of acquisition, we acquire if there is any basis, like AMR is supposed to grow for the next few years. And Coris has got very good AMR products. If you see their website, or even we have shared in our presentation, the antimicrobial resistance, if you go to an ICU patient, and then you see how critical he is. So AMR is the future of the industry.

And Coris is very deeply, very solid in that. And then they have got other products in pipeline, which are primarily on AMR. So that was the reason, because Coris acquisition, we did acquire at a good price, because of reasons, you know, that Avacta wanted to sell it because they wanted to be focusing on therapeutics, which is their main area. And we have been associated with Coris for a long time. That's how we got Coris.

Kumar Saurabh: Got it, sir. And, sir, we do spend a good amount of revenue on R&D. So can you elaborate a little bit about what kind of R&D work we do? And how does it help? We have seen the products and the products we have built and how we have penetrated hospitals where number of products

per hospital has been on increase. But if you can give us some more flavor on the quality of the R&D work we do, and does it act as a differentiator when it comes to competition and all?

Dhirendra Dubey: So you see, we are having a range of over 100 products. And in our presentations, we talk about panels, you know. So these are multi-tube assays, like respiratory panel is eight tubes, and we are able to detect 32 organisms, bacteria plus virus. So these are some unique products. We have the meningitis panel, we have the neuro panel. These are not single-tube assays. It takes almost two years to develop them.

And because we have been doing this for the last 10, 11 years, it has become our core competency that we can develop multi-tube assays. Of course, it takes time. So we know the entire workflow from conceptualization to validation, verification, and how to take it for regulatory approval. And we have a very good team. We have PhDs, we have MSTs who are now almost for 10 years, 8 years. So this is the core backbone of our company. It is not doing the production, which is our main.

Then comes the quality part. So that we are maintaining it well. But R&D is the main strength of the company. We can develop assays fast. Like Monkeypox came, there was a demand. We did it in 30 days. COVID came. If we were not competent in R&D terms, we developed in almost, say, 30 days. And we were the second company to be approved by ICMR. And we were exporting to US. We were FDA approved. So all this is based on the R&D strength of our company.

Kumar Saurabh: Got it. Thanks a lot, sir, and wish you all the best.

Dhirendra Dubey: Thank you.

Moderator: Thank you. Our next question comes from Sagar Tanna with Alchemie Ventures. Please go ahead.

Sagar Tanna: Hi, sir. Can you give us the top three segments in terms of our product portfolio? And what is the growth that you are seeing in those segments?

Dhirendra Dubey: No, when you say segment, what do you mean?

Sagar Tanna: Like respiratory, AMR, oncology, I mean, from that therapeutic…

Dhirendra Dubey: So, we have got basically two segments, infectious and oncology. So oncology was what we started very early. But infectious has now taken a bigger pie. And in fact, combined, we are growing at 15% to 20% what we say. We can't differentiate because we keep on adding products. And the moment you add a new product, it has a high growth initially because it has a low base. So combined, we are targeting growth rate of 15% to 20%. If you launch a new product, it grows by 100%.

Sagar Tanna: Got it. And what are the newer segments that we are looking to get into?

Dhirendra Dubey: No, we are trying to add essays in the newer technology so that we remain technologically relevant. PCR is our main strength. We have the rapid diagnostic now with Coris being acquired.

Now, we will be more active on the rapid front, which is very fast and it is like a POC. Apart from this, we are developing essays on NGS so that we remain technically viable. We are developing essays on digital PCR so that again, we remain technically viable. We are continuously doing R&D on the PCR field, both in oncology and infectious.

Sagar Tanna: Got it. Sir, my second question is on what would be the split between labs and hospitals in terms of percentage revenue?

Dhirendra Dubey: I think labs is on a higher side. It is almost, say, 65%. Hospitals is lower side, 30% to 35%.

Sagar Tanna: Got it. Thank you.

Moderator: Thank you. Our next question comes from Parikshit Kabra with Pkeday. Please go ahead.

Parikshit Kabra: Hi. Thank you for the opportunity. I wanted to inquire about the export business as well as Manchester business…

Moderator: Sorry to interrupt you, sir. Mr. Parikshit, I am extremely sorry to interrupt you, sir. Sir, your audio is fluctuating. May I request that you use your handset, please?

Parikshit Kabra: Yes, is this better?

Moderator: Yes, sir. Thank you. Please go ahead. Mr. Parikshit, we are unable to hear you, sir.

Parikshit Kabra: Hello?

Moderator: Yes, sir. Please go ahead, sir.

Parikshit Kabra: So I was saying that we have done very well in both our export as well as our Manchester business. And I was trying to understand what is it that our go-to-market strategy there as well as our right to win there, how are we winning market share in these markets? Which markets are we targeting through these businesses?

Dhirendra Dubey: So we started the UK subsidiary with the focus to cater to the European customers, firstly UK customers and then the countries which are adjoining. It could be Spain, France, Italy, Greece. And based on our early wins and then exhibiting in the trade fairs and using the marketing team to pitch the products, now we are getting traction in Latin America and other European territories. And even sometimes Middle East also, they prefer the Made in UK symbol.

So that is how we are getting the -- we are giving technical support right at the same time zone. The scientists are sitting there in UK. It is not that you have to expect results from India when it is night. And then we are troubleshooting. We are giving demos, technical support right there. And the confidence of the customer comes that you are sitting in UK.

So if there is some issue, it will be resolved. We have backup supplies and inventories lying in UK, which is the main thing. European customer wants immediate, same time tech support, backup supplies. And being in UK, the reliability is there because they have systems which are very well evolved. So they expect that everybody is following the same system.

Parikshit Kabra: I'm trying to understand that even if you are in the UK, how are we competing with the local players there who were already captured the market?

Dhirendra Dubey: No, that we are able to do because we have a better pricing existing structure. So when we approach the customer, so UK-based companies is not the challenge that some assays are actually coming from America, United States, are coming from France. So it is easier. So like France, if a company is manufacturing for us, it is difficult to compete in France, but not in UK.

It is a typical product which is made mainly in America, US or France. Similarly, Germany, if a German manufacturer is there, then it becomes difficult for us. But if the German manufacturer is not there, then we can easily see. So it's a mix and match. In the countries like France, we are not having to get good headway because there is a local manufacturer there. But in UK, there is no UK manufacturer who is making the onco products. It's coming from US or France.

So that is how we are -- and plus we give competitive prices. We have margin profiles come better than the European or American company because they have high manpower costs, which is not another case. So we are able to compete, offer a better product. And I would say that our quality is very well appreciated. So that is one more thing, which the moment they perform the test and they see the result, then they agree to it. And when we are giving them better terms in terms of price, service, so we are able to make the entry.

Moderator: Mr. Parikshit, does that answer your question, sir?

Parikshit Kabra: Kind of. I had a follow up here. Is that okay?

Dhirendra Dubey: Okay, a short one, because other people are also waiting.

Parikshit Kabra: Sure. Just a short one. So, you said that the main advantage of the cost advantage that you have is because of the manpower cost. But at the same time, in the most recent acquisition, you don't...

Moderator: Mr. Parikshit, we are unable to hear you, sir. Thank you, sir. May we request that you rejoin the queue, sir. Thank you. Our next question comes from Dharmil Shah from Dalmus Capital Management. Please go ahead.

Dharmil Shah: Hi. Thank you for the opportunity. So, again, extending the same line of questioning for the Europe business, like you have mentioned the size for the industry in India is around INR350 crores to INR400 crores. What would be the relevant opportunity for us for the Europe market? I mean, maybe for open-ended region market, any sizing would help?

Dhirendra Dubey: You see, it's a very difficult question because the global market for molecular diagnostics is very big in terms because there the products are like sample to answer. There are big machine systems. So, anything taken out statistically from the Internet doesn't correspond to the right number, which is our addressable market. So, we are into open system kits.

And what I can foresee is that exports will keep on growing at 20% to 25% for next 2 to 3 years. So, the addressable market could be much higher. But then when you talk about molecular diagnostics, almost 30% to 40% of MDX is dominated by US where we are not present because

it is highly regulated US FDA market. And infectious market, again, we are not present in Europe. America is out because it is, again, sample to answer.

These are big machines of Roche and other companies where you inject the sample on one end and you get the result because the labs don't have manpower. So, we are into open-end niche area for oncology where the addressable market is reasonable enough for us to keep on growing for next 2-3 years. It's difficult to give a number because we have also not been -- it's very difficult to find it. What is the number for the open-ended kit, predominantly for oncology where we are strong.

Dharmil Shah: Understood. And for the TRUPCR business, if we see our quarterly revenues, it's almost stagnant at around INR4.5 crores for last three to four quarters. So, is there any specific reason for that?

Dhirendra Dubey: No. You are talking about UK?

Dharmil Shah: TRUPCR, Yes. TRUPCR UK.

Dhirendra Dubey: No. Actually, quarter-on-quarter, if you see last 3 years, the exports or rather the TRUPCR. So, INR4.55 crore was the top line in '22 to '23. INR7.04 crores was '23-'24. And last year '24-'25 was 13.91. So, from INR4.55 crores in '22 to '23, we have gone to 13.91. And this year, it should grow at least by 30%.

So, again, you can talk about touching somewhere around 17 to 18 because this is going to be our major contributor in exports where we are claiming to grow by 20% to 25%. So, it is not static. Last year, 13.91, probably four quarters. If you are saying every quarter, the number was somewhere around four. So, it's the year-on-year which is important. So, this year, instead of 13.91, we should be somewhere around 17 to 18.

Dharmil Shah: Understood. And for the Coris acquisitions, the revenue seems to be flat for the last 3 years at 5.2 million. So, what was the reason for saying? Is it the industry demand going down there or?

Dhirendra Dubey: No. So, the reason is basically first, the COVID went away and Coris was one of the first company, a European company to get the COVID approval. So, they did very well sales in COVID times. But after '22, so they had a product, this AMR1, it was launched in '22, '23 only. And that is what has been growing. There were other products, respiratory, gastro, which were coming down. COVID went away.

So, basically, now the R&D pipeline and the antimicrobial, which is growing apart, that will now take it forward. For the last -- and last year, and this year also, they have the typical product called HAT, which we have mentioned. It is for the sleeping disorder, which they supplied to the Belgium authorities. So, the AMR, which is going to be the top product, it started from literally zero in '22. And now it is almost at 3 million. And that is what is going to take over.

The HAT product, which was again '22, it was zero, but it was at 1.72 million, that range. The respiratory and other products, they were going down instead of going up because there was competition from China. So, some products, which were at 1 million, 1.5 million, because of competition, they scaled down.

The unique products like AMR and HAT, they are increasing. So, whatever is the static reason was that some products, respiratory, gastro, flu, because of the intensive competition from China, they reduced, the AMR increased. So, now this AMR, which the competition is very less from the Chinese company. There is only one Chinese company. So, that is why it would do better now.

Dharmil Shah: Understood. And the senior management there, would they continue to run the business or will 3B take over the management?

Dhirendra Dubey: No, no, no. So, basically, we will be at the Board level. The CEO, the COO, everybody will be there and they will continue. They have mentioned it in their press release also. All their distributors had the similar question. So, there will be no change. We will be only at the Board level and overseeing the operations.

Dharmil Shah: Understood. And you mentioned that revenues increased up to 7 million to 8 million within 3 years. Does that account for only the cross-miss selling of our products there and what is the break-up of…

Dhirendra Dubey: No, no. AMR would be predominant. The antimicrobial resistance products will be predominant. PCR kits will be somewhere around 10% to 15%. New products in pipeline, they will also add that way.

Dharmil Shah: That's all from my side. Thank you.

Dhirendra Dubey: Thank you.

Moderator: Thank you, Our next question comes from Matt Harris with Seven Canyons Advisors LLC. Please go ahead.

Matt Harris: Okay. A lot of my questions have been answered, but one question I was unclear on. When you were talking about distribution through the UK and how it's more competitive in France because of local manufacturing, can you remind me, A, where Coris does the kit manufacturing? And then, number two, that lower labor cost advantage you have?

I had always assumed it's because you were manufacturing in India, but it sounds like you're sourcing a lot of your kits from the US or Germany or wherever. So, two questions. Where do you get the labor cost advantages? And then, what percentage of your kits, the kits you sell, do you manufacture yourself?

Dhirendra Dubey: Okay. So, I think there's some confusion. Firstly, all the kits that are manufactured by 3B are done here locally with the Indian manpower. And most of the raw materials are sourced in India. And we have a lot of bulk purchases.

So, our cost of raw material is very controlled. And so, there is nothing which is coming from US, France. What I mentioned was that the companies who are manufacturing in US and France, they compete in their countries.

And some US company was competing in US versus which we were cheaper. That's how we were able to win the UK account. But in France, the local company in France is having almost a 10-year grip.

So, it's difficult for us to displace that company. So, all the kits are manufactured in India with local manpower in India. We do not manufacture or source products from anywhere outside India.

Matt Harris: Okay. Got it. Okay. And so, where does Coris do all their manufacturing? Where is their manufacturing base?

Dhirendra Dubey: No. So, Coris does all the manufacturing in Belgium. And that is the reason why their manpower cost is very high. And now, we're trying to onboard. So, we will try to take up the top line. For the last 2-3 years, there was one more reason why Coris was not growing well.

Evacta had acquired it in 23. And Evacta is a therapeutic company because they have some cancer drug delivery molecule. So, their focus is on that. So, the management chief was sitting in US and UK. And this was not their prime focus, which they always say in their presentations also. So, that was one reason why Coris did not grow because the top management was not focused on the growth, could not give a direction to it.

Now, because it is very complementary to our industry, IBD, we have a clear-cut intent that we need to be EBITDA positive. For that, we have to grow. We have to launch new products fast. We have to do US regulatory approval fast. So, that way, we are giving a direction.

The team there was a little bit sort of disillusioned because Evacta was not fully focusing on them. Now, we are trying to do away with that disillusion, make them feel very confident, healthy. And that's how we will take up the growth

Matt Harris: But there's no, I mean, I'm thinking about the ……..

Moderator: Sorry to interrupt you, Matt. Your audio is not clear. Yes, Matt, can you hear us?

Matt Harris: Okay. There is no strategy to offshore their manufacturing or production. R&D and manufacturing, I think of them differently. And it seems like taking their production to India would be advantageous, but that is not part of the strategy at all.

Dhirendra Dubey: Not immediately, but it is there as a strategy to start manufacturing. Yes. But then, since we have just acquired it, we don't want to make that as a focus. First, let this company stabilize. Let it focus on the launch of new R&D products. Let it get the U.S. FDA approval for the assay. And during this time, we will see what oil products can be manufactured in India if they have to be sold here.

Because something that is manufactured here cannot be sold in Europe because the logistics would be exorbitant. It's better that we manufacture here what can be sold in the Middle East, Asia Pacific. And moreover, they have added capacity, which is now going towards automation. So, they will also be more cost efficient.

Matt Harris: Okay. I mean, I have one last question. As you get down from the sales to the EBITDA negative, as you integrate the company, where do we see the bulk of those costs? I mean, given they're an R&D company, is a lot of that in DNA or is there some amortization given they have a pipeline, or is it going to show up in your payroll costs and your G&A costs? I mean, where do we see the loss in EBITDA impact your profitability, the consolidated profitability?

Dhirendra Dubey: In terms of after consolidation?

Matt Harris: Yes.

Dhirendra Dubey: No, once we consolidate, I think it would happen from the half year Q2 onwards. So, there will be an increase in the manpower cost mainly. Which is the major contribution of expense in chorus. Almost 58.7% or 60% is their gross margin. So, 40% would be their cost of goods. And then you have the manpower cost, which is the major cost that will increase in our balance -- our result.

Matt Harris: Okay. Well, I have one last question. I mean, I'm surprised. I think you said, it's EUR7 million to EUR8 million. It's mostly growth of AMR. And the cross-selling would only be 10% to 15%. That sort of surprises me because with the Manchester business, there's so much benefit from the India production. And so, do you have high overlap in existing tests with their distribution?

And is that 10% to 15% of your existing tests? Is that a conservative number? Because it seems like you could just push a lot more of your production through their added distribution channel, a la the Manchester business.

Dhirendra Dubey: So, actually, we have just started this process of interacting with the distributors. So, when we say 10% to 15%, we are talking about up to 1 million or so sales from PCR in next two years or three years. It's, of course, a very conservative number because we really don't know how well it will be taken.

Because the distribution have just responded, yes, they would be interested. Some distributors are already having a PCR company, which is either from US or from Europe. So, things will unfold. At this point, it is better to say that in next two, three years, they should go a top line of 7 million to 8 million. And out of that, 10% to 15% should be PCR. And major contribution should be AMR. And, of course, followed by products from their R&D pipeline.

Maybe after six months, we have little more clarity. That time we can update more about what could be the mix. For me, I would want that they sell at least 30%-40% PCR kit. But initially, I have not got that kind of response because their distributors are selling rapid. Some are empty. So, they would immediately take over the PCR kits business. Some are already having PCR companies. So, those will take a lot of time. So, it's a conservative number for now.

Matt Harris: Okay. Well, one last question. I mean, as you talk about expanding your distribution, is your M&A pipeline still mature or will you sit back and work on synergies and I guess being Coris for the time being? Or are you still actively pursuing any more M&A?

Dhirendra Dubey: No, no. We are continuing our persuasion. We have told all our advisors that this acquisition has given confidence to not only our --advisors, but to us also because we have really gone through a long process for last one year, lot of due diligence, negotiations.

So, we are continuously looking because this is a very small percentage of our available funds. So, the focus to synergize Coris business is definitely there. But every day we are looking at new acquisition targets globally.

Moderator: Thank you, sir. Mr. Harris, may we request that you return to the question queue for follow-up questions as there are several participants waiting for their turn. Our next question comes from Vineet Jain, who is an Investor. Please go ahead.

Vineet Jain: So, first of all, thank you so much for doing this earnings call and congratulations on the Coris acquisition. I just have a couple of questions on the core business. I wanted to understand how is it that our asset turns are as high as they are? If you can give a little bit of a sense on the specifics of how this kind of capital efficiency plays in and for future growth from the base business, how much additional capital will be required to maintain these kind of asset terms and also show growth in the future? That's one.

And the second one was around the agro-chem business. And if you can give us a little bit of sense of what the plans are there. I remember, I think, a couple of years back, there was a discussion on looking to spin off the agro-chem business and then use the funds to double down on the molecular diagnostics. So, if there's any development of that, we would love to know.

Dhirendra Dubey: No. So, first question is the capital efficiency. Molecular diagnostic is not the capital intensive in that sense. So, you have clean rooms, you have equipment, which are needed. So, we are having full capacity, which we are only utilizing up to 65%. So, we will only be adding capacity, or maybe adding some equipments for needed for R&D.

So, as such, for next 2 years, we don't see adding too many capital investing. At the most, if we upgrade a facility, it would need maybe INR1 crore or INR2 crores. So, capital, we have sufficient for next 2, 3 years. Sometime, we might buy a very heavy cost equipment, which also is not more than INR1 crore, which we are restricting right now because the MGS technology, which has a heavy machine, we are doing it in a different way rather than to buy a machine for INR7 crores or this thing.

So, capital wise, we are sufficient and this is not an industry, which is high capital intensive. So, this is the first part. The second part is agro-chem. So, agro-chem, now we have, we don't do major sales to the distributors, who are doing it for the farmers. Now, we have tried to reduce it mainly to Bangladesh exports, which is on LC or upfront payments. Then, we are doing government tenders again, which are payments are time bound.

And then, we have very old distributors who hold, which were payments have to be realized. So, we keep on selling to them. And the business is actually not losing money. It's not earning too much also. It's just like INR10 lakhs to INR12 lakhs or something.

We are always open to hiring it off because we have a brand image, which is 50 years old. But with a top line of just INR12 crores, I don't think there would be anyone immediately interested. And the facility, which we are utilizing for diagnostic primarily is of agrochemical business, for the building and everything. And then, a lot of people who are old labor and all, they are used for packaging diagnostic kits also. So, it's a business which is going static. We are gradually not trying to increase the sales also.

So, the margin profile is static. We just ensure that there is, it is just making slight profit. And we look for opportunities maybe because the mosquito menace is going up. So, maybe some, there is -- they could be big tenders. Like we got one opportunity 1.5 years back, which was from Sudan. So, there was a INR2 crores export order for the larvicide.

So, we are actively there and such orders either from government, big tenders come. So, we would be very well-placed to supply these tenders. We are exporting. And we are just making it a low-lying business of INR10 crores-INR12 crores. That's it.

Vineet Jain: Wonderful. Can I ask a quick follow-up on the first part?

Dhirendra Dubey: Yes, please.

Vineet Jain: So, you said that 65% or so is your utilization and the fact that it's not a capital-intensive business. So, would it be fair to assume that the India molecular diagnostic business could grow up to 50%-odd from here without any significant incremental capital being deployed? And if that's the case, then is there a possibility for margins, gross margins as well as EBITDA margins to further expand as that ramp-up happens?

Dhirendra Dubey: No, because firstly, for next 50% growth, we don't need to add anything substantial. It could be -- may be a INR1 crores or so. Number two, the addition in sales will not increase margins in terms because the margin we are doing is somewhere around EBITDA 60% on a ballpark figure for last 3 years apart from the other income, excluding the other income.

And now, maintaining this also could be a challenge. We are having pressure from the competitors. There would be some inflatory increase in terms of wages, some raw materials. So, the margin profile will remain quite similar, maybe little towards the 55 region instead of 60-ish region.

And because the sales will increase, it does not mean the margins will increase because there is competition. And I told you that due to the demand for inflatory increase, the cost of manpower will increase because the salaries have to be increased. So, we would have EBITDA margin which would be now onwards towards a 55 site rather than the 60 site.

Vineet Jain: Understood. Thank you. Thank you very much and wish you all the best. And I hope that we keep having earnings calls going forward as well.

Dhirendra Dubey: Okay. Thank you.

Moderator: Thank you. Our next question comes from Yogesh Bathia with Sequent Investments. Please go ahead.

Yogesh Bathia: Sir, I just wanted to understand what is the addressable market for us for the product that we have developed in antimicrobial resistance in the different geographies that we are?

Dhirendra Dubey: You are talking about only AMR?

Yogesh Bathia: Only AMR, yes.

Dhirendra Dubey: So, AMR, firstly, if you talk about India, so currently, what is AMR? You see ICU patient. This sample is taken immediately for culture.

Yogesh Bathia: Correct.

Dhirendra Dubey: And then the culture growth, once it is grown positive, then it is put to the drug sensitivity testing. So, that is the AMR market, which is dominated by BD, bioMérieux. And then there is a subset of this, which is the local culture labs, which also do AMR testing. Now, that is very cheap ones, you have the INR200 or something. So, molecular AMR testing, it is just starting in India, it is very costly.

So, people do not do molecular testing for AMR. There are few international companies which are doing, but that also is very small number. It may be, it could be INR10 crores-INR20 crores of odd.

Yogesh Bathia: Sorry to interrupt you. But does molecular testing have any solid advantage against this cheap INR200 PCR testing?

Dhirendra Dubey: No. So, what happens is, firstly, the cheap INR200 culture lab testing, it is cheap because they develop their own media. And what molecular testing does is mainly that you can identify the organism along with its drug resistance within 3 to 4 hours from taking the patient sample.

And it is a better way because co-infections can be detected, low load samples can be detected because PCR amplification is happening. But with culture, what, when you get the result is literally after 6 to 12 hours, the growth comes. And then after 6 hours, the bacterial sensitivity comes.

So, it is actually 1 to 2 days that you can get a culture report to be positive. Whereas with PCR, you are getting a result in 4 hours. So, that is the main essence, that you are getting fast results, which is better. Globally, in US, UK, and all, they are doing molecular testing more. Culture is supposed to be faded out gradually.

Yogesh Bathia: Okay. Okay. Okay. So, in India, it is just scratching the surface, but slowly you think…

Dhirendra Dubey: Yes, Yes, Yes. It's just scratching the surface. And maybe in 5 years, it becomes very big. But let's see how well the adoption happens because India is not very -- price paying population is there. So, this is not so easy.

Yogesh Bathia: Sure, sure. And sir, this market for us outside in the other overseas place where we have our products, what could be the addressable market for us?

Dhirendra Dubey: For AMR?

Yogesh Bathia: Yes, for AMR.

Dhirendra Dubey: So, for AMR, the other countries, the market is little evolved. There are companies who are already selling the AMR kits. And infectious is, it's like a POC market. You put the sample onto the machine and you get the result, where we are not currently there.

Yogesh Bathia: Right.

Dhirendra Dubey: So, AMR is a part of the POC. It first identifies the organism and then you take the AMR part. So, we are not actually present in terms of AMR testing in the European market. US is highly regulated. You require FDA. So, we are not there. We are selling AMR kits currently to some Middle East countries, to some countries in Asia-Pacific, South Asia.

Yogesh Bathia: Okay. So, our major growth will come from the other diagnostic products only. AMR will take some time.

Dhirendra Dubey: AMR will take time. It is there in the menu. It is there in the menu. It is well established technically. But it has not started giving real contribution to the numbers.

Yogesh Bathia: Right, right. Okay. And NGS is also a similar, work in progress. It will take some time.

Dhirendra Dubey: Yes, Yes. It will take time. But the question is, that we have to be technically relevant so that currently if there is a huge technical shift, we know that we have put in the door.

Yogesh Bathia: Okay, sir. Thank you, sir. That was my -- both my questions.

Moderator: Thank you. Our next question comes from Adtiya Sharma from Shikara Investment. Please go ahead.

Adtiya Sharma: Hi, sir. Thanks for the opportunity. I just want to double down on the exports. So, last year also while you were guiding for around 20%, the company delivered significantly higher export growth. So, at some level, do you have some level of expectation that we can significantly surpass this year's guidance as well?

Dhirendra Dubey: It is better to be conservative. To give a conservative number and deliver more, because certainly sometimes you get tender orders. Some orders come which is -- which are big. So, which cannot be projected immediately. So, that is why we are currently focusing on 20% to 25% growth. If by your wish you get a big order, that would be very good.

Adtiya Sharma: Sure, sir. And also, just crystal ball gazing in terms of next 5 to 10 years, like, let us say around 5 years, what size do you think that the export business could be? Like what is the aspiration here?

Dhirendra Dubey: No, I think currently we are around 17% or 18% is our export and rest is domestic. I think next 5, after 5 years, it should be somewhere around 35% to 40% should be export and 60% odd should be domestic.

Adtiya Sharma: Right. On a 20% CAGR, 20%, 25% CAGR, 20% CAGR is the...

Dhirendra Dubey: Actually when we are talking about CAGR, because we are mixing the Indian, then we are talking about 15% to 20%. And I am giving this CAGR for next year. Next year, again, we can give a revised number. I am not saying for 5 years, we will keep on growing, that 15%, 20%. It could be higher, it could be lower. Next year, it will be 15% to 20%.

Adtiya Sharma: Okay. Okay. So -- but we do not have a clear visibility in terms of what is the long-term CAGR that the export business can grow for next 5 years. We do not have it in terms of around 20, 25. Okay.

Dhirendra Dubey: No, no. We can think about 1-year and maybe next year we can do it because thinking 5 years down the line is very difficult. Of course, 15%, 20%, we should grow for 1 or 2 years. After 2 years, we can definitely see where we are. Maybe we can do much better than 15, 20.

Moderator: Thank you, sir. Mr. Sharma, we request that you return to the question queue for follow-up questions, please. Thank you. Our next question comes from Pulkit Singhal from Dalmus Capital Management. Please go ahead.

Pulkit Singhal: Yes. Hi. Thank you for the opportunity. Sir, just a question on the molecular diagnostics industry growth that you are talking about, 8% to 10% in the Indian market. I'm just wanting to question you on it simply because you did allude to that it's a very low penetrated category within India and even versus abroad, I mean, it's significantly lower.

So, when you talk about an industry which has low penetration and growing higher, an 8% to 10% industry growth seems to be much on the lower or conservative side, given that even all the pharma companies tend to grow at 10%. You see the diagnostic chains are growing at 10%. So, I'm just trying to understand, is there something that you have seen which you think will delay the diagnostic adoption or what has changed in terms of your perception about the industry growth?

Dhirendra Dubey: No, 8% to 10%, basically, we keep on seeing on the internet what is the growth rate for this industry. So, I don't have exact numbers because there is no statistical platform where these numbers are available. I'm growing at 15% to 20% or rather 20% and the industry should be growing definitely lower to me because I am growing at a faster rate.

So, from a statistical purpose, you can definitely say that the industry is not growing at 15% to 20% because I'm trying to enter into new customers. I'm trying to launch new assets. It has to be lower than 20% definitely. And the number of 8% to 10% is what has been reported in multiple platforms on the net. That's how we have got this number. The industry is not growing higher than 20%. Otherwise, it is a shame on us that we are growing slower than the industry.

Pulkit Singhal: Understood. Understood. So, your growth of domestic will continue at 20%. Is that understandable?

Dhirendra Dubey: We are trying to give a figure of 15% to 20% so that it is a little more conservative. On the export, we are saying 20% to 25%.

Pulkit Singhal: So, 15% to 20% is for domestic?

Dhirendra Dubey: Yes.

Pulkit Singhal: Okay. And export is higher. Okay, understood. And secondly, when you talk about the competition getting a bit higher, is that happening from the MNC side or are we seeing more domestic players entering our space? Where is the competition becoming higher from?

Dhirendra Dubey: So, now more domestic players have, after the COVID, a lot of domestic players have come up. They are all small, but then they keep on traveling in the pocketed regional areas. So, that is where the competition is now increasing. The international players don't reduce the prices. It is the domestic players which create a pricing competition more.

And of course, our quality is better, our tech support is better. So, people want a quality product. But sometimes, it is the small government tenders and other these small players, regional players, they try to create nuisance.

Moderator: Thank you, sir. Mr. Singhal, may we request that you return to the question queue for follow-up questions, please. Thank you. Our next question comes from Hardick Bora with Vireya Capital. Please go ahead.

Hardick Bora: Hi. Thank you for the opportunity. So, this was a question on Coris. From the balance sheet side, we have spoken about the P&L already, but what is the balance sheet like? Is there debt? And would we be requiring any other cash support that we need to give either in the capacity or in the working capital to Coris over the next few years? Can you just talk about that?

Dhirendra Dubey: Yes. So, there is no debt. The debt is somewhere around INR4 crores to INR5 crores, which is periodically to be repaid over next 2 years or so. And they have a cash balance which is enough to sustain them for 2 years. And because they will be starting to make profits, so it will not be needed.

So, the debt is not there. It is very high. It is just EUR400k-odd. That's almost INR4 crores or something. And they have a cash position which is almost 1.2 million or 1.5 million. So, they won't need any cash infusion from us for the next 1 or 2 years. And hopefully, by 1 or 2 years, they would be generating cash.

Hardick Bora: Yes. No, thank you. Thank you for that. And just one question was on some of the competing other technologies we are reading about, microfluid point of care testing in molecular diagnostics. Also, other names keep coming up like isothermal based amplification. These are very nascent, but in case, first of all, are these forms of testing some threat to us? And if so, how

difficult is it for us to move into some of these areas? You're already into NGS. They're working on NGS, but trying to understand on these areas as well.

Dhirendra Dubey: So, when you talk about microfluidic POC, so that is already there. And microfluidic POC is normally used for one sample or four samples. So, that is to be dedicated to a hospital because they can process only one or four samples. That is one thing we would want to develop. And it is there in our R&D program. But it is not a threat because our sales is mainly into high volume labs who do more samples at a time and even hospitals who do more samples.

So, this POC is mainly for hospitals and we have to develop it. We are on it. It's not an immediate threat, but maybe after, it's there dominating in Europe or in US. With India, it's not there right now. Isothermal, actually, it was very much hyped during COVID times. It has an easier workflow that you can put it into a machine which is working at the same temperature and you get a result.

But it does not -- it cannot do a high number of tests at one time, like high target, like respiratory panel, you're talking about 32 samples. Sorry, 32 targets, bacterial or viral targets. So, you cannot do 32 targets on the isothermal amplification. Again, similarly, you want to process 30 samples, 50 samples on a PCR, which is 96 well. If you want to do more, you have 386 well PCR. Isothermal machines are not so big right now. They are normal PCR, which are either 12, 16 or 16. So, isothermal is not a threat at all.

Hardick Bora: Understood. So, they're even more niche. Okay. Sorry, one question. Vivid Global Tech was highlighted as a related party transaction in our previous annual reports, but we didn't see that mentioned in financial year '24 annual report. So, any reason why it doesn't show up? You have submitted BSE filings?

Dhirendra Dubey: No, No. If you see the presentation in November, this question was raised. So, we clarified that we were doing it out of abundant precaution. Prateek Goel, who is the proprietor of Vivid Global Technologies, he left his multinational job and joined us in 2013 with the condition that he would be exclusive channel partner for India, because he knew this industry.

So, he was appointed as the exclusive channel partner. And then he had an intent that I want to have some shares also in the company. So, he was given 5% share in a preferential issue, which we also took. So, because he's not related to us, he does not qualify in the definition of a related party and as per the Companies Act, which was explained in the presentation in November also.

Previously, it was being done out of abundant precaution. But later on, when the amalgamation has happened, it was not needed because it did not qualify as a clear definition. He is not related to us. He's not a part of the directors. He's just a distributor who is super exclusive distributor, rather he worked since 2013, when he left his cushy job with a multinational company. So, he has lot of contribution. So, that is the reason why it is not mentioned.

Moderator: Thank you. Mr. Bora, may we request that you return to the question queue for follow-up questions as there are several participants waiting for their turn. Our next question comes from Aastha from Pkeday Advisors. Please go ahead.

Aastha: Hello. Thank you, sir, for giving me this opportunity. Sir, I wanted to know what's your go-to-market strategy and right to win in India? I mean, we are seeing a lot of competition from small domestic players. So I wanted to understand.

Dhirendra Dubey: No, I already explained in the initial call, that we approach the lab head, who is scientific head. We explain the test that we are offering. We explain the uniqueness. Then it is valid. The validation is performed. Once the validation is found to be good, then the kits are started for selling. And it is the quality, the validation result, the scientific background, the history of the company, which is the main reason why we are able to sell more or faster.

Aastha: So, sir, I mean, Molbio as well as MyLab, they are also growing pretty fast. So, don't we see -- I mean, don't we compete with them when we are going to the lab partners and everyone? How are we winning against them? Because we are in the same product line, right?

Dhirendra Dubey: No, for that you should approach the lab and understand that why they choose our product again over somebody else's product. That's why I told you that we are trying to give better quality product, better tech support, better logistics. We are trying to give better prices. So, these are the market dynamics.

Moderator: Thank you. Ms. Aastha, may we request you to rejoin the question queue. Thank you. Our next question comes from Prajesh Maroo with MoneyCurves Analytics. Please go ahead.

Prajesh Maroo: Yes, thank you, Dubeyji, and thank you for arranging this call also after, it really helps. My question was for the core is bioscience, that what is the status of IVDR compliance of their product? And do you see this as an additional cost which you will have to bear in future?

And my second question, and I will not have any follow-up question after that. My second question is that there is a contradiction on the Indian business and European business. We see that employee cost is our advantage, because we work with low employee cost, while the new acquisition which you have done, it has got high employee cost. So, how do you see this contradiction, sir? And whether I'm sure you must have talked to it, but if you can just explain and clarify this. Thank you.

Dhirendra Dubey: So, the first part is the IVDR. So, IVDR law says that Class C devices, which is Coris and also ours. If we have signed an agreement with a notified body, which is the ISO certifying body, by May 25, we can continue to sell Class C products till December 28. After December 28, if the product is IVDR compliant, then only it can be sold.

So, Coris has got probably 8 to 10 products out of which AMR, which is their main product, contributing almost 60% to 70% revenue that they are going to take forward for IVDR. And there would be a cost which would be somewhere around EUR50,000, because they have got a lot data and all, EUR50,000, EUR70,000, which they have to incur to get the IVDR certification for this. So, which is already incorporated in their cost structure.

And the second question is that manpower cost. So, we are producing in India, we have no manpower cost. Coris is required with an intent to be able to cross-sell products PCR to them, which would be basically not manufactured there. We would be doing the most of the packed

manufacture under OEM to them. So, there would be a margin which would be available to them for PCR products.

For their own products, their manpower cost is high, out of which R&D cost is major. So, we hope that this R&D pipeline can actually add to their top line. And after 2 to 3 years, when they are doing 7 billion to 8 billion sales, they have an EBITDA of 10% to 15% and the manpower cost is reduced below, say, somewhere around 25%.

So, they have a different profitability working with a higher manpower cost, because the salary is there, minimum wages is much higher. And we have a different manufacturing cost, which is lower minimum wages, lower Indian pay. And, of course, our sales have also increased compared to the level of the manpower usage.

Prajesh Maroo: Thank you.

Dhirendra Dubey: Thank you.

Moderator: Thank you. Ladies and gentlemen, that was the last question for the day. I now hand the conference over to the management for closing comments.

Dhirendra Dubey: I thank you all the investors for joining this call and taking your time -- precious time. And it was wonderful to interact with you. And we'll surely see that we have more earning calls in quarters coming. Thank you all.

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