



“3B BlackBio DX Limited
Q3 FY '26 Earnings Conference Call”

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Moderator: Ladies and gentlemen, good day and welcome to the 3B BlackBio DX Limited Q3 FY26 Earnings Conference Call hosted by Nuvama Wealth and Investment Limited. As a reminder, all participant lines will remain 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 the operator by pressing star then zero on your touchtone telephone. Please note that this conference is being recorded.

I will now hand the conference over to Mr. Ranvir Singh from Nuvama Wealth and Investment Limited for opening remarks. Thank you and over to you, Ranvir.

Ranvir Singh: Yes, thank you moderator. So on behalf of 3B BlackBio DX Limited, I extend a very warm welcome to all participants on the Q3 FY26 financial results discussion call. Today on our call, we have Mr. Dharendra Dubey, Chairman and Managing Director and his team. Before beginning with this call, I would like to give short disclaimer. This call may contain some of the forward looking statements which are completely based upon the management's beliefs, opinions and expectations as of today. These statements are not a guarantee of company's future performance and involve unforeseen risks and uncertainties.

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

Dharendra Dubey: Good afternoon to all the shareholders and members who have joined. So this is an earning call post our nine months numbers and as I had a bloodral letter that I was down with laryngitis. Still my voice is little this thing but we thought to conclude this call. So most of you who have must have seen the numbers presentations, we have closed nine months with a number which is INR99.06 crores versus INR64.80 crores which was the previous numbers were without Coris and these numbers are with Coris so there is a huge growth.

But if we talk about 3B alone, then we are growing at almost 11.8% compared to last year. However if we remove a seasonal spike which happened due to Dengue flu and this thing, then there is a growth of 20% plus because seasonal parameters are beyond our control and this is well mentioned in the presentations. And so on the full year basis we expect that we will grow at 10% to 15% on tap line and mostly on EBITDA also.

The EBITDA could be effected this year slightly because there were expenses for merger and acquisitions which were charged. So that probably the growth in EBITDA might not actually be translated because which was one time expense. And as you have seen that we participated in Medlab and we had very good response from our distributors, customers. So we continue to maintain a very good brand lead. Our customers are satisfied.

We are progressing well in terms of R&D product developments. And in India the molecular diagnostic, it's in a nascent stage. So it's a small part especially the reagent market which we actually represent. So we want we are not into the close system, we are not into the sample to answer system. We are not into point of care. So all those markets are not addressable for us. Therefore total addressable market is around INR400 to INR500 crores approximately.

And we have almost 12% to 15% which is quite high and so maintain that position itself is a challenge. Exports we are doing pretty well. We are exporting now to 70 countries. TRUPCR Europe is doing pretty well because they are exporting to not only Europe, Middle East, Latin America and lot of other countries. Made in UK is giving them a very good response. And they are growing of course at 20% plus.

Some countries the registration process takes times so the actual sale would get deferred but the process is started. So our exports will grow slightly higher 15% to 20%. Overall we will grow by 10% to 15%. And that's it. I think it's better that we take the question and answers because most of the information we have given in the presentation. Over to the questions.

Moderator: Thank you. Ladies and gentlemen, we will now begin the question and answer session. We take the first question from the line of Sagar Tanna from Alchemie Ventures, please go ahead.

Sagar Tanna: Thank you sir for your opening remarks. You mentioned that we are in the reagent business and not in the open or closed systems. Is that correct?

Dhirendra Dubey: No, no. See when we say open system, we mean reagent. So you know we are supplying kits. So we consider it as a reagent. Or you can say that we are into the open kits market to be very precise.

Sagar Tanna: Sir any new kits especially when we see some of your peers who are large and sizeable, maybe they may be doing just couple of segments but they are in the closed system that helps kind of keep competition away. Any thoughts in terms of newer products, newer segments or you know getting into closed system kind of kits?

Dhirendra Dubey: No, so we are already doing a sample to answer machine which is a segment by itself. So we are also developing automated extraction and we are trying to develop kits you know which are highly multiplexed like our respiratory panel, AMR panel. So that give us the continued growth that we are actually foreseeing or telling. So once we have this sample to answer machine probably in the next quarter, so this will have a different segment to be addressed. And we are working on a POC system but it will take some time.

Sagar Tanna: And what are the segments that we are targeting sir?

Dhirendra Dubey: No so we are into infectious and oncology. So those are the two segments only we target.

Sagar Tanna: And that is where we will continue to focus on even from the newer systems?

Dhirendra Dubey: Yes, yes.

Sagar Tanna: Got it. And sir my second question is on our UK acquisition, how is that helping us both in terms of newer products, technologies, etcetera and how do we synergize both India versus the UK?

Dhirendra Dubey: No so first let me clear, we acquired our UK distributor who was already selling our kits in UK. But the object was to have those profits which a distributor was having come into the company. And to have a subsidiary established in Europe, specifically in UK. So we could

transfer the kits from here in bulk form, manufacture them there for a faster delivery to the customer.

Have a UK team available for tech support at the same time zone. Have a Made in UK kit which will have better credibility. So this was the purpose and it is doing its purpose. If you see our presentation slide you will notice that UK is now contributing heavily to the exports that we are doing.

Sagar Tanna: Got it. Sir what I meant was actually not UK, the recent acquisition that we did couple of quarters back?

Dhirendra Dubey: That is Belgium.

Sagar Tanna: Belgium, sorry, my bad.

Dhirendra Dubey: So maybe after one or two years if we do one or two more acquisitions then we might have to give them problem with numbers. Anyway. So if you are talking about Coris, so Coris is a standalone business separate. They are into lateral flow which is a POC. And they do AMR products. So they have got several AMR products. They have got few AMR in the pipeline. And they have started the US FDA registration which will allow them to enter the US market.

So for next two years they have got growth strategies with new products, US FDA, so untapped market. And this is how they will continue to grow for at least two years and then after two years we'll see how the product range is shifting otherwise AMR should actually become more in demand just now like in India, it's not mandatory to do a AMR check before giving an antibiotic. So once it becomes mandatory like in Europe or US, things will change for testing.

Sagar Tanna: In are we able to synergize the India versus Belgium operations in terms of technology transfer or anything else?

Dhirendra Dubey: No, so just now because it is recent acquisition, we are trying to make them work on a standalone basis. We are integrated. We were earlier also selling the products that they were doing. We were importing raw materials from them, making them here, interacting on the QC part and then offering it in India. So India we are offering their products itself.

So gradually after few months because just now they already have enough to do in terms of R&D, in terms of regulatory, in terms of market. So there is no need to push further. We are of course trying to tell them to offer the PCR kits through their network. But it is very recent acquisition so it will take some time. Because to have access understanding of a new technology and their distributors accepting a new product, but that is in agenda.

Sagar Tanna: Got it. And sir what would be the cost for the US FDA approvals etcetera?

Dhirendra Dubey: It would be somewhere between US\$300,000 approximately to US\$400 maybe.

Sagar Tanna: And how long would it take for the approvals etcetera to come through and penetrate those markets, start distributing in those markets?

Dhirendra Dubey: Regulatory approvals take one to two years. The moment you have the approval then you start penetrating the market which is a process by itself. So again to have the full effect come into the company, it should be I think maybe three or four years from now.

Sagar Tanna: Got it. Thank you so much and all the best.

Dhirendra Dubey: Thank you.

Moderator: Thank you. We take the next question from the line of Ganesh from Dhanlaxmi Investment. Please go ahead.

Ganesh: Yes. Sir I just wanted to know, for the past one year or more than that we have been calling out increase in competition. So what may be the reason for competitive intensity to increase now? So my point is one would assume that competitive intensity would have been immediately higher after COVID because of the excess capacity etcetera and the players trying to get market share post COVID. But now that it has been three four years since COVID peak, for the industry as such, why are we seeing competition increasing now?

Dhirendra Dubey: Ah I think this is a very basic question. Any industry which has a high margin, it will have competition. If you just see mobile industry where it was and where it is today. So new players keep coming. I can't ask them why are you coming. It's a very simple thing you know. When the margins are literally low, then probably competition might not come.

But when they see that margins are there in molecular compared to biochemistry or other things, each of these players who is already into the diagnostic industry either selling reagents of for biochemistry or ELISA where the margins are very low, so they try their luck or they enter into the molecular diagnostics. So there are companies who were in culture, they have come to into molecular diagnostic post COVID.

So there were companies in ELISA, they have come into molecular diagnostic. Because the molecular diagnostic is having a higher margin profile. Of course the sales volume lower compared to ELISA, culture, biochemistry. So this is the reason why people are coming and I think they will keep on coming because no industry can be barriered from others to enter. So if there is a margin you tell me a good lucrative margin business, I will explore if I want to enter there or not. That's what we keep doing. Okay.

Ganesh: Understood sir. And my second question was sir with respect to the change in credit period that you are now giving. So what would be the change per se right now with respect to what you were giving earlier? And what are the associated question would be like what are the metrics that you use that to use to ensure that receivables don't go bad? And corollary to that would be what are the credit terms given by the competitors as such?

Dhirendra Dubey: So nowadays our industry -- easily people are taking three to four months and it spills over up to five months because lot of supplies goes to government and there is a time taking process. Labs also try to take advantage of long credit cycles. And competitors offer the same scenario. If we are offering four months, they will offer five months if asked.

So because the customers are mostly the same or even if new labs are coming who are established there, not somebody settled or joined started a business overnight. So money going bad is very, very less probability. In any business you always have some percentage which is very low which can get sticky, but credit now is a very, very important part for giving business and it will continue for some time.

Ganesh: Okay sir. Sure. So earlier we were giving like say whatever the competitors are offering now we are on par with the competitors terms?

Dhirendra Dubey: Yes.

Ganesh: Okay. And one last question sir, we are also trying to develop as you said in the opening remarks, a sample to answer system. So yes we are developing the hardware part as well or are we like giving it as in contract manufacturing agreement?

Dhirendra Dubey: No, we are OEM -- doing an OEM for the machine because developing hardware for a sample to answer will take two three years. And we are optimizing our kits onto that machine.

Ganesh: Okay sir. Understood. Yes. Thank you. I will join back in the queue.

Moderator: Thank you. We take the next question from the line of Dharmil Shah from Dalmus Capital Management. Please go ahead.

Dharmil Shah: Hi, thank you for the opportunity. Just one question on the revenue side. You mentioned INR24 crores is what the revenue is for Coris for the quarter. Of this how much would be the one off revenue if you can explain?

Dhirendra Dubey: One off means the HAT contract.

Dharmil Shah: Yes the HAT contract, the government?

Dhirendra Dubey: It was 850k. So if you multiply that with 104.

Dharmil Shah: Roughly around INR8 crores or so.

Dhirendra Dubey: What.

Dharmil Shah: Roughly around INR8 crores then?

Dhirendra Dubey: Yes, INR8.8 crores. That is the one off revenue.

Dharmil Shah: But this one off you mean as in would this be recurring every year I mean is there a possibility for this?

Dhirendra Dubey: No see you see I think we have explained regarding the HAT contract. Actually it was a contract for 6 million, which was received in February 24 and it was to be supplied in four years. So logically it is 1.5 million every year. So out of which they have already supplied 2.1 and 1.35 this year.

This year was lower because it mainly supplied to Congo, so where there is a war going on. Now next year also we will expect somewhere around 1.5, but we don't know the quarter. Normally it is in the January sorry December ending quarter. And next year also it should be somewhere around 1 to 1.5. And again it will be in the December quarter. And that way 6 million contract will get finished. So it is not there in every quarter. That is what we mean by one off event.

Dharmil Shah: Yes, not every quarter but at least for next two years the business would be coming in?

Dhirendra Dubey: Yes. And by two years end the US FDA will come in. So then if this gap comes because WHO has a mandate that the HAT disease should be eradicated. So if they find that the disease is actually eradicated then they will stop buying. If they find the disease is not eradicated then they will take a new tender.

Dharmil Shah: Understood. And if we look at our performance ex of Coris business, I mean the growth is not very strong at least on the domestic side. Exports we are still growing by around 26%. TRUPCR is growing strongly?

Dhirendra Dubey: So this point we have already explained. So suppose if we say that last year Dengue and flu was not there to the intensity that it is in this year, lower intensity. Then we are growing at 20%. If we take that spike which is a fact, then we are growing at almost 11.4%. And we have also given a clear guidelines that this year overall we will grow at 10% to 15% and exports will grow at 15% to 20%.

Now I think this is the visibility we can see for next few months. Once the year has ended and we are into a new contract, new tenders, new products, then we can think what would be the growth for the next year. Whether it would be substantially higher or on a similar base. So one of the reasons that we are now if we are commanding 12% to 15% market share in the Indian market, there is little room for growing.

And when we launch new products it takes time for the lab to adopt it. And the industry people say it is growing at 7%, 8% CAGR, but I think these are all economic numbers. If you compare or remove Dengue or flu spike which happened last year, industry has not grown. Because even all labs were having that volume of Dengue flu for almost 2 months, 2.5 months everything was flu and Dengue. So I think for this year an overall growth rate of 10% to 15% and exports of 15% to 20%. And then let's join on another concall to have a better view for the next year after that.

Dharmil Shah: Understood. The question was more around I mean I was just looking at the quarterly numbers. I get your point that INR4.2 crores of seasonal spike because of Dengue Chikungunya I mean that suppresses the growth for the current year. But I mean are you seeing a trend where every quarter gone by the growth rates at least in the domestic business is coming down for the industry or for you?

Dhirendra Dubey: No I will not go by quarter-on-quarter. It's a very, very -- because we have seasonal diseases. So one quarter will be affected, other won't be. I would prefer to go it on a yearly basis. And a half yearly basis.

Dharmil Shah: Understood. And you mentioned that competition is increasing because obviously the margins are higher, the metrics are higher in this business?

Dhirendra Dubey: So this is a fact.

Dharmil Shah: Yes. So just wanted to check. I mean are there not any areas where we can venture into any adjacent segments because I mean you mentioned getting into newer technologies, but again those are focused again on infectious and oncology. So apart from this, I mean are there any avenues to get into some other related business?

Dhirendra Dubey: We are exploring but we will keep focus on the diagnostic segments only because that's where is our experience. And we will look for other acquisitions. If they give a better product, we will take them into Indian market. That's always there, like Coris. So there is enough in terms of product in the in-vitro diagnostic, molecular diagnostic industry to add on. To go into another industry, if we find something, you can also suggest, we can always explore it.

Dharmil Shah: Yes, I was asking more about I mean similar industry but something which is more connected or related to the existing business?

Dhirendra Dubey: No, so we are already doing that. We are developing dPCR products so that technology remains relevant to us. Coris NGS also we are developing so that we are relevant. We are adding almost 5 to 7 products every year into our own this thing. So there is enough to do in our industry to actually maintain that growth rate of 10% to 15%. Going into any other technology which is not molecular, that's not in our agenda immediately.

Dharmil Shah: Yes. And lastly, the increased competition you mentioned these are already the players which are already manufacturing maybe culture related or something of the other which labs might be already using. How long does it take these guys to I mean replace you, let's say, for a customer I mean firstly, how easy or difficult is it and how long would these guys to take?

Dhirendra Dubey: No, so competition actually comes and eats into the margins. Replacement is not so much. And firstly to develop a high quality product, it takes almost one or two years. Then getting the regulatory approval another one year. Then going to a customer who is actually locked to us or is satisfied with our kits. He doesn't crack immediately. But some small distributor or some small lab they try to enter. So it's not overnight.

And specially these people they go into products which are high volume. So suddenly you will have flu which is high volume. So if our price realization is X, the market will try to go down like it did in COVID. Then we have to take a decision whether we also want to reduce the price or should we allow the competition to enter.

Dharmil Shah: Understood. And at what stage would this competition be? I mean, are the competitors still at the approval stage where they are still trying to get the product approved?

Dhirendra Dubey: They are there everywhere. They are there in developing products. They are there like flu, dengue, Chikungunya, they are already existing for the last 3, 4 years. Post COVID, more people have come into play. So this year, if somebody new will come, I don't know. But

whosoever was there in '24 and '25 mostly he should be around. Or maybe because there was a less of a season. I am hearing that some small players are actually withdrawing from the market. Because for them, selling INR2 crores or INR3 crores of product if it vanishes, it's not good for them.

Dharmil Shah: Understood. And given molecular is a very high margin business, what do you think at what level should the competition saturate I mean otherwise the competition will keep on increasing? What do you think would be a sustainable level where the market would be mature and maybe not so much competitive from the pricing?

Dhirendra Dubey: I really don't have an idea on this subject, you know, to comment. I would focus on my business. Try to maintain this 10% to 15% growth, try to maintain a healthy EBITDA margin. This is a question which a statistician might be able to answer that when the competition stop coming. It's difficult for me to answer this.

Dharmil Shah: Okay. No worries. That's it from my side. Thank you so much for answering all the questions.

Moderator: Thank you. We take the next question from the line of Ganesh from Dhanalakshmi Investment. Please go ahead.

Ganesh: Yes, thank you once again for the opportunity. I forgot to point out this in the earlier part. Thank you very much for putting out this investor presentation in a very detailed manner so it resolves a lot of queries that we might have and gives a very clear idea of what are one time and what are not one time, etcetera, etcetera. So thank you very much. So I'll just head back to my question. So in the same presentation, you have called out participation in ADLM USA. So I just wanted to know what are we showcasing there. Are these Coris products or 3B products?

Dhirendra Dubey: So we will be showcasing all three companies. Coris, TRUPCR Europe to put forward the Made in UK and 3B which is like the Asia Pacific, Middle East, Africa. So ADLM is basically a US focused event. But lot of Latin American players come. Also Europeans come. And now because we have money, we wish -- we want that we are present in most of the important events globally. And Coris would definitely, because by July we should have a visibility regarding the FDA.

Our own products are established and maybe we get a US distributor who can sell research use products. We will have Latin American distributors who we are already exporting and maybe we get some more. So this is the first time we will be doing ADLM. It's logistically very difficult for us. It's like you know 20-hour flight and all those things. But let's try and then see what's the outcome.

Ganesh: Understood, sir. So just as an add on, we are already present in USA through Coris right?

Dhirendra Dubey: No. Coris is not present in USA right now.

Ganesh: Okay this is the first time we are applying for FDA approval for CARB-X or...

Dhirendra Dubey: Yes.

- Ganesh:** Okay. So because my point was -- we have mentioned or we have shown depicted USA as a point in the map, global map that we show in the presentation. That is why the question was.
- Dhirendra Dubey:** No, so 3B sells some products to US. It's through an OEM partner and it's already incorporated in our exports. And Europe also ships some. From UK it go to US. So we are there in US but it's hardly there, in terms like maybe we are there in New York, New Jersey. Only 3-4 states.
- Ganesh:** Okay. For these kind of distribution we don't need FDA approval is it?
- Dhirendra Dubey:** No, that's why for if a lab wants to buy a product from us, they can buy a research use only. Import it...
- Ganesh:** Yes. Got it sir. Sir one more question was uh with respect to TPE that is TRUPCR Europe. So we have seen in general that the growth rate of TPE is generally trending lower. So my question was have we already hit a high bar of geographies where we can penetrate through TPE meaning are we already a leader or amongst the top in the geographies that TPE generally targets?
- Dhirendra Dubey:** No, no. So basically there are several areas where TPE is trying, product registration is happening or distributors are just getting onboarded. So the journey will continue. But when we did from small number it was a good jump last year. This year that jump is not happening. Next year as we say exports will grow higher. So probably in the year end con call in May end or June, we will speak upon it. But TRUPCR journey will continue. It's not that we are saturated. That is not the case...
- Ganesh:** Typically, how does the intensity play out? I mean the targeting play out between TPE and Coris now. I understand that Coris is mainly into lateral flow. And through PCR is in mainly PCR type of technologies as well as we also have certain lateral flow products. So how is it bifurcated? I mean, who targets who? How is it decided?
- Dhirendra Dubey:** So, Coris is purely into lateral flow. And to TRUPCR Europe is purely into PCR. There is no demarcation required because that's the two different product range, two different expertise those both the companies are having.
- Ganesh:** One of the last questions that I had is with respect to the strengths that we always portray, which is all true as well, that is of asset sensitivity, specificity and workflow efficiency, also the main point being high number of SKUs that we have to ensure customer stickiness such that the customer procures from only one party, etcetera.
- So, these kind of metrics or these kind of properties, one would assume would give you more stickiness or more bargaining power with respect to customer. Does it translate on the ground in such a manner or on the ground realities are different I would appreciate an answer with respect to this?
- Dhirendra Dubey:** No, no, you are absolutely correct. So our offering a wide product range is one of the reasons people want to buy a product from us so that they can buy most of the onco products from us, most of the infectious products from us. And then having large number of SKUs is one aspect.

The main aspect is the quality, tech support, timely supplies, customer handling. So all this put together gives this stickiness, which you have rightly said.

Ganesh: So this does give us a bargaining power with respect to our competitors or?

Dhirendra Dubey: Yes, definitely.

Ganesh: And one last point, sir, with respect to synergies, you briefly touched upon this before as well. I understand that it is too early for synergies to actually play out. But I would just appreciate a bird's eye view or a very top level view on with respect to the customer acquisition or cross-sell or ease of access in new geographies with respect to whether we are able to like truly integrate our product, PCR product status within the Coris ecosystem and in the supply chain. I just wanted your top level?

Dhirendra Dubey: Firstly, have mandated that Coris should grow, fly to become EBITDA positive. So the entire team is tuned to this vision. Now, on this part, we say okay, please onboard PCR kits also. Try to give it to your distributors who are interested, but I'm not getting pushy because I don't want them to lose the focus.

So around 5 % of their sales or maybe 2%, 3 % of the sales in next year can be from PCR kits. They have inquiries. But so the moment the traction starts that a distributor buys the PCR kit and the end user also uses it and there's a good demand repeat, then that thing will automatically culminate because then I have to point some people also, because currently whatever their staff is, it's already dedicated for the lateral flow.

So I want to do it on a gradual basis so that the M&A is not affected by any sort of change of vision. The core is vision to grow as a lateral flow company, as an AMR company, to focus on US geography, to focus on underrepresented market. What is their strength? They need to do it. Alongside, we have already shared all the materials and other things, and we have tried to train them into PCR. But we are hoping or either targeting also very small numbers so that they are not into pressure to do this.

Ganesh: Okay. Okay. Got it from my side. Thank you so much for patiently answering all the questions.

Dhirendra Dubey: Thank you.

Moderator: Thank you. We take the next question from the line of Raja Narula, who is an Individual Investor. Please go ahead.

Raja Narula: Hi, firstly thanks for doing these investor calls. Very appreciated. I think most of the questions on Coris were answered already. I had a couple that weren't. So I think first is on the..... order. So that's a pretty lumpy order right. And you said in the investor PPT that there is a sunset on that contract. So just wanted to get your thoughts and learnings so far with working with the team. Is there any scope of renewing that contract with the government or is there a plan then to replace that revenue once that contract ends?

Dhirendra Dubey: So I already answered this, you know, that for next 2 years at 1.5 million it should continue till that 6 million is finished. In parallel we have already started the US FDA work. So most probably in one or maybe less than 1.5 years we should have the US FDA approval. And when this contract is finished, if the HAT disease is eradicated, then we would be aggressively doing the US market which is totally not supplied as of now.

So we expect that this 1 million gap is more or less covered, rather more can happen because US is a very big economy. So that is the agenda. Plus Coris is not present in lot of countries like in Middle East, we participated this time. So their Middle East sales is very low of the overall, they are mostly in Europe. So that will also help in getting. So even if this contract has a sunset, we will have another sun rising from other horizon.

Raja Narula: Got it. Got it. I think just to go a little deeper on the US FDA and US strategy, what do you think is like the ideal state for the company in with respect to US right? I think you had just shared that they are currently selling small amount of exports there through an OEM and then Coris is going for its own approvals there.

And then you had maybe shared in another PPT that we may be looking at acquisition targets there. But just looking like 3 to 5 years ahead right, if 3B has to become, I don't know, from INR150 crores to INR500 crores revenue company, is like the US central to that or would it be nice to have or is it a must have?

Dhirendra Dubey: No, no, US is a must to have. So this time when we go to ADLM, we already have supplies on an OEM and RU basis. But we'll have more clarity when we are into one to one interaction with lot of distributors. But US is a dominant market for molecular diagnostic. So Coris already has started the process of US FDA.

We, if we have to take up US FDA, we will discuss with distributors, OEM partners that now this product is well adapted by the labs. Should we invest in US FDA? And if we do, what is the volume we will get? So US FDA is important for our growth and definitely we are doing it.

Raja Narula: Got it. Thanks, super helpful. Last one was around NSE listing. I think you had shared a few quarters ago that we would actually only become eligible by sometime second half of this year based on NSE's requirements. So just wanted to check whether this is on the company's roadmap and whether this is a...

Dhirendra Dubey: Actually just now we want to focus on developing more kits, doing M&A and this thing. And once we have the audited results for the March, post that we can take up this NSE because there is a clear cut requirement for paid up capital and net worth. 3 years will actually finish off in September this year, rather they have finished off. So instead of trying to make the authorities because once we apply, they might say, okay let's get the audited figures. So instead of trying to play it short of 6 months or so, let's have the audited numbers and then try to approach it. Post March.

Raja Narula: Got it. Okay. Thank you very much.

Dhirendra Dubey: Thank you.

- Moderator:** Thank you. We take the next question from the line of Ranvir Singh from Nuvama Wealth and Investment Limited. Please go ahead.
- Ranvir Singh:** Yes, thank you moderator. Sir, questions on balance sheet side. What would be the current cash position post that Coris deal?
- Dhirendra Dubey:** Ranvir ji, it's somewhere around 190. But exact number I won't be able to comment. But it's somewhere around this.
- Ranvir Singh:** Okay. Okay. No fine, fine. That's fine. So apart from Coris, are we still scouting for new such opportunities?
- Dhirendra Dubey:** Yes. Yes, yes, definitely. So what we were thinking that at least 50-odd we keep reserve for the company. And 130, 140 is what we can target to have an acquisition. And we are very actively looking, we have appointed two consultants. We ourselves dedicate almost 1 hour or 2 hour searching for companies. That is the top of the agenda to acquire a company.
- Ranvir Singh:** Okay. Nice. And here in Coris, I see you have given revenue growth expectation. In EBITDA side because this quarter was -- had some one-off. How this EBITDA is going to -- we can see the transition here because though positive EBITDA you have talked about, but any ballpark number if you have -- if you could give that what kind of EBITDA margin?
- Dhirendra Dubey:** So for this year it will be negative. We have already mentioned that for 12 months it was an EBITDA loss of 325k. Even the 3-month grace period that they have got like 15 months to make the uniform financial year for all of them. For next year, we are trying that we are EBITDA positive, maybe 2% or 3% of the revenue. Because in Europe sales -- salaries are very high. And Belgium is one of the highest paid companies -- sorry countries for manpower.
- So here the R&D team is heavily paid. 10 people are there in R&D out of the 32. So whatever products they have developed or are developing, that needs to be commercialized in a better way. So the sales increases and the cost of manpower comes down. So it's a transition. And so next year we are targeting that it should be EBITDA positive and somewhere between 2% to 4% positive EBITDA.
- Ranvir Singh:** Okay, nice, nice. And here in terms of gross block there, what kind of assets Coris is having? So they have just I wanted to understand what kind of depreciation we will be taking there on assets of Coris?
- Dhirendra Dubey:** So Coris depreciation, let me just check how much we have charged this year.
- Ranvir Singh:** Or if you could just give the kind of gross block there we have?
- Dhirendra Dubey:** Okay. So last year the depreciation that they charged was INR2,35,00,000. And their gross block is almost say INR20 crores to INR25 crores.
- Ranvir Singh:** Okay. And for this year consolidation will be for only two quarters, right from this Q3 and Q4?
- Dhirendra Dubey:** Yes, and some 33 days for September. Because we took the acquisition on 29th August.

- Ranvir Singh:** So whatever loss they have incurred earlier that would not be consolidated.
- Dhirendra Dubey:** No, no. That won't be coming.
- Ranvir Singh:** Okay. Okay. And your presentation showing that European IVDR certification we are trying for. So if you could little explain how this is going to benefit us?
- Dhirendra Dubey:** So actually you know post 28 May and even post May 26 sorry 20 no no. So if you see the European authorities firstly they gave a new regulation that if you are not IVDR compliant, then after May 26 whichever products you have not put in an application with a notified body, that products will become research use.
- And once you have the agreements and the audit and the technical certification under IVDR which we have already started, then you can continue to sell as a CE IVDR product. So what is happening is all the molecular diagnostic or other diagnostic companies because the notified bodies are very less, it's an expensive proposition.
- So suppose today we are having 100 products as CE IVDR. So we have taken forward only 35 to 40 products which actually are contributing to 95 or more product percentage of our revenue. The moment we have this IVDR during next six to nine months, then the IVDR because distributors, labs, now the question is your kit IVDR? Because they want to continue using a CE IVDR product.
- So if a company has not started an IVDR process, then the lab will have an answer that no our kit is not going to be IVDR. So the labs will start searching for an IVDR product. So if it is a normal product which can be offered from other companies, they will try to opt for an IVDR one. That is the main benefit that will happen. Because it is an expensive proposition, each company is only taking forward those products which are giving revenue to them.
- Not every product. Even Coris has selected three products or four products to take forward for IVDR. Not all of them. There are products you know from where Chinese competition is too much. Doesn't make sense to do IVDR for those products. So this is the entire thing.
- Ranvir Singh:** So then we will be able to sell it in every part of Europe so this is this certification will open door for entire Europe right?
- Dhirendra Dubey:** Yes, yes. It will open or rather whatever we are already supplying to the labs that we can continue to do. There won't be a disruption in the supplies.
- Ranvir Singh:** Okay, okay. And last one, that is next generation sequencing vertical that you know you started year back. How is the traction though we see that traction is good but in terms of revenue or profit how things are there?
- Dhirendra Dubey:** No, NGS traction is very low. Because NGS now every lab is moving into higher machines and trying to have larger panels you know made OEM because a very stiff competition is there in the Indian market. Our purpose of doing NGS was to remain technology relevant. So if for

example PCR has to be sort of you know finished in next four or five years and NGS would be only technology.

So that time so we are already there as a product. But the competition in India is I won't call it competition. The labs to whom we will sell they are already trying to their develop their own NGS panels because another company, one of their competitor is offering the test at a very low price.

So they cannot afford, we don't have any margin left you know if they buy from us. For exports we have the product ready. It's a research use only because IVDR is not possible for NGS. We just if the product was already there IVDR before May 22 which was not the case for NGS. So exports now we are getting some traction, but because most of the labs who were in NGS, they have already adopted a product.

So for them to switch over to a new product, it's a long time process. So NGS is not our key strategy because as a frank this thing, the margins are very low in NGS. So that doesn't interest us. It was purely done to be technologically relevant so if there is a threat to PCR then we can offer NGS. We can immediately offer, but the margins are low so it's not of our interest to us.

And NGS numbers which come, actually US is the major player in NGS. That's how you know it becomes so big. But it's not actually the numbers are big, but companies are losing money. If you try to Google take into the companies which are into NGS, you will be surprised to note that lot of them or most of them are losing money. So it's good that we have it as a technology relevant. If suddenly PCR has to be disappear for infectious which is our 60%, 65% of our sales, there is no NGS products.

For oncology, we have quantitative kits. We have small kits where you can find out the status of a patient within 24 hours or 12 hours. NGS doesn't become sensible for that. So our market we are protected or you would say that there is no threat of NGS. NGS is mainly into very high genetics that is a whole genome sequence.

So an individual is whole genome is sequenced and 4,500 genes are done. And then a database is created. And either you would go for not a whole genome, maybe a smaller genome which could be like genes which are more actionable. So NGS on a short basis, we are not an NGS company but we are prepared with the NGS. If sometimes down the line for next four to five years, I don't see any threat from NGS.

Ranvir Singh:

Okay. That's nice. And because we are in biochemical enzyme and this kind of business, I see a lot of IVD side, a lot of innovations are happening, and new products are coming in. So are we thinking anything to do there in IVD side or like quick testing type of strips or different kinds of things people are coming with? So are we thinking anything to do there? Or you will remain in the...?

Dhirendra Dubey:

Actually, we always keep on looking into technologies and strip testing. Coris is the main person there. We are also trying to do certain developments on our products which are in PCR, but if they can be converted into a strip. So we are always looking into it, but it's not something which is immediately for sale.

Ranvir Singh: Okay. Thanks a lot sir. And despite your throat congestion, I can understand. You have given us chance to participate here. And all the best from my side.

Dhirendra Dubey: Thank you. Thank you all. Of course, my throat is bad but then this was important so I did it. Thanks a lot for everybody's time and patience.

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

Dhirendra Dubey: Thank you all for joining. And apologies for the inconvenience caused. So we try to give most of the information. And I thank you for the patience and the questions. That's it. Thank you.

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