

TRANSCRIPT OF THE 51ST ANNUAL GENERAL MEETING (AGM) OF 3B BLACKBIO DX LIMITED (FORMERLY, KILPEST INDIA LIMITED)

Day & Date of Annual General Meeting: Friday, September 22nd, 2023

Time & Mode of the Annual General Meeting: 11:30 a.m. IST through VC / OAVM

MODERATOR

Good morning, ladies and gentlemen. I welcome you all to the 51st Annual General Meeting of Kilpest India Limited. Now I handover the proceeding to the Managing Director.

Over to you, Sir.

Mr. Dharendra Dubey, Managing Director

I am informed that we have the requisite quorum present through Video Conference to conduct the proceedings of this meeting. I welcome my other colleagues on the board of your company to the 51st Annual General Meeting.

Dear Shareholders,

Before proceeding with the review of the financial and business results of the fiscal year 2022-23, I would like to congratulate you all for completing another successful year of the company.

Kilpest which started with a humble beginning back in 1972 by Late Shri Ram Kuber Dubey, is progressing towards becoming a global name. With the introduction of our subsidiary, 3B BlackBio Biotech India Limited in 2011 which is also now over a decade old and is now regarded as one of the most reliable molecular diagnostic company in the healthcare market.

We have stood strong in the tests of time and delivered the best solutions possible to our customers over five memorable decades. To be with us and continue with us on this journey, I would like to thank our employees, customers, shareholders, all stakeholders and associates. We appreciate and thank you for the continuous trust you have put in our company. Throughout its 50 year history KILPEST has risen to the occasion again and again with hard work, dedication and cooperation with partners near and far. We look forward to the next 50 Years with greater satisfaction to all our stakeholders.

It is my privilege to welcome you all to the 51st Annual General Meeting of Kilpest India Ltd.

Your Company's performance on a consolidated basis for FY22-23 is as below-

- Revenue from operations- INR61.83Crores/INR618.36 Million
- Profit before tax- INR35.30Crores/INR353.09 Million
- Profit after tax- INR25.93Crores/INR259.37 Million
- Earnings per share-INR34.55

Your company's accounts for the year ended 31st March 2023 along with Directors' Report and the Auditors' Report have already been circulated. With your permission, I would like to take them as read.

Business Outlook & Way Forward (Molecular Diagnostics)

Our immediate response in providing for the diagnostic kits for COVID-19 pandemic substantiates the fact about the company's core competency in *in-vitro* diagnostic research, design, development, manufacturing and commercialization and also being able to respond instantly. I am extremely proud of our team who were able to come together and respond in this manner.

We understand that everyone is keen to know the future business prospects of the company, especially the molecular diagnostics business. Your company has a proven track record of speed and agility in delivering critical products, as demonstrated in its response to the COVID-19 pandemic and H1N1(swineflu).

Our growth rate has been consistent since pre-covid period and we have been achieving a growth rate of 30-35% year on year with some exceptional spikes due to COVID which will taper off now. If we take the Non-COVID sales for the year 2022-23 of INR 44.13 Crores / INR 441.30 Million (3BStandalone), we should grow at a rate of 25%-30%. There can be slight deviations due to surge/ reduction in infections.

At the same time, a number of other R&D projects are ongoing to ensure that we develop a product portfolio that is fit for the current diagnostic trends which will also pave way towards achieving the projected growth percentage and scaling the company's business.

Exports (Molecular Diagnostics)

TRUPCR® assays have been well-accepted in over 35 countries across UK and Europe, Middle East, APAC, LATAM and United States of America. We are continuously adding new countries in our geographical portfolio.

Our continuous participation in the international tenders directly and through our distributors have helped us secure a few annual rate contracts for our assays from a few international accounts. Our exports have been regularly increasing on a rapid scale which is visible in our figures.

We are hopeful that the export figures will continue at a growth rate of 12% - 15% year on year with addition of customers and channel partners from newer markets and increase in business from existing accounts, however, the export business is subject to regulatory approvals and registrations in the respective countries which sometimes take long.

Business of the Subsidiary Company in the United Kingdom

TRUPCR® Europe Limited was established to expand the business and provide immediate support to the European customers. It has been diligently working towards fulfilling the vision of the company. I am pleased to inform that the UK Subsidiary is now ISO 13485:2016 accredited by BSI, UK.

The UK subsidiary has been regularly participating in various International Molecular Diagnostic Conferences and arranging trainings & seminars through which it has started getting traction from the EU customers. The leads from the exhibitions have also started to materialize. With a full-fledged team of Sales & Marketing, Technical Support and Research & Development, it is going to achieve greater numbers in the next calendar year.

Your Company's Strengths

Your company is a strongly R&D driven company with a well established and experienced team of R&D, sales and marketing and the largest CE-IVD approved product portfolio. With our own in-house enzyme production that gives us a competitive edge over other manufacturers in the IVD sector, we provide end-to-end solutions to our customers. We are considered as the first responders due to our agility in acting quickly in the critical times which has been proven at many times. We can launch products in a much quicker time in times of need. We have a healthy product pipeline and we will continue to identify areas of unmet need in molecular diagnostics to bring the right solutions for our customers.

Rapid Kit Business - TRURAPID®

Our Rapid Kit manufacturing plant is ready & we are optimizing the products in R&D which have market potential, other than COVID Testing Kits. We have successfully completed the collaborative R&D of the Rapid Tests for Antimicrobial Resistance (AMR). The regulatory approvals are in process and soon some novel products for the Antimicrobial Resistance Testing will be launched under the TRURAPID® vertical. The Rapid Kit business has started contributing to the company's revenue in the FY 2023-24.

Next Gen Sequencing - TRUNGS®

We started working on reviving the NGS kits revalidations and also have developed of few more parameters, keeping in mind the global markets. We have launched our first NGS Panel "TRUNGS® Solid Tumor Panel" in one of the biggest molecular diagnostic conferences in Europe and it is getting leads from the market. The NGS business vertical will start contributing to the revenue in the next financial year.

Mergers & Acquisitions

We have been looking for options to acquire a company in similar business area to get inorganic growth since FY22. M&A valuations globally have gone high due to demand from molecular diagnostic companies which are flushed with cash from COVID. We will only go for the acquisition if it makes financial sense and meets our internal IRR criteria. M&A is a subjective matter, we might get a target company which could be at different phases of growth, so a fixed IRR is not possible to be visualized at the time of investment. The objective will be the growth opportunity which will unfold and reward the shareholders in the longer run with a healthy IRR.

We would also be looking at share buyback in FY23/24 post merger, if we are unable to secure a desired acquisition candidate. Our aim is to create maximum value for our shareholders. We will also be deploying some funds in the joint venture created in Manchester, UK depending on the need.

Amalgamation

The Hon'ble National Company Law Tribunal, Indore Bench vide its order dated 4th August 2023 has approved the Scheme of Amalgamation between 3B BlackBio Biotech India Ltd (Transferor Company) and Kilpest India Ltd (Transferee Company). The company has started taking up the necessary steps as per the said order to implement the Scheme of Amalgamation. The Company would like to thank all the support extended by the shareholders/ members.

Dividend

The Board of Directors of the Company are pleased to recommend a final dividend of Rs. 2.50/- i.e. per equity share of face value of Rs. 10/- each for the FY 2022-23.

Now, I request Members, who have joined the Meeting and did not cast their votes by remote e-voting and otherwise not barred from doing so, may cast their votes through e-voting system now. The voting will be allowed till 15 minutes after the conclusion of the Meeting.

The Scrutinizer will submit his report after the completion of the scrutiny of the e-Voting (votes cast during the AGM and votes cast through remote e-Voting) I wish to end with a note of gratitude to all our valued customers, both domestic & international, for their continued support. I would like to convey special thanks to our supply and trade partners

whose efforts made sure that our products were available at the right time and place. We also wish to express our gratitude to the Government of India, Ministry of Health, Government of Madhya Pradesh for their sustained support to the company and its initiatives.

Finally, I express my gratitude to all the stakeholders of your company. It is their support that helps us to continue building a self-sufficient company and accomplishing the goal of our Hon'ble Prime Minister of becoming 'AatmaNirbhar Bharat'.

Q&A S

MODERATOR

Facilitated question and answer session

The following speaker shareholder(s) participated in the discussions: -

1. Mr. KESHAV GARG,
2. Mr. NEETHU JOSEMON

The aforesaid shareholders expressed their views and sought clarifications inter alia on the Company's business operations and its future growth plans.

FIRST SPEAKER, Mr. KESHAV GARG

MODERATOR Hello.

Mr. KESHAV

Hello good morning Thank you for the opportunity.

What is the outlook for FY, 24, in terms of top line and bottom line?

Mr. DHIRENDRA DUBEY:

No, actually, we already said in our, presentation that we are forecasting to grow at 25 to 30%.

Mr. KESHAV: I got that. Oh, sir, I was asking more about the bottom line.

Mr. DHIRENDRA DUBEY: Bottom line also, you know, you have a product mix nowadays. There is competition.

But we have been consistently trying to maintain a beta off between 50 and 60%.

Mr. DHIRENDRA DUBEY: So, we hope that should be maintained. That's our effort. Okay.

Mr. KESHAV: For my next question, Hello? Please.

Oh, yeah, sure. we on track to grow our molecular diagnose? Yeah. So.

So, 2531 groups, or what is the sustainable operating profit margin for our molecular diagnostic business?

Mr. DHIRENDRA DUBEY: No, I told you now that we have been maintaining any between 50 to 60% in the past.

And we are trying that it should be maintained.

But there is competition coming post, cover it from a lot of manufacturers.

So, let's see how it unfolds, but broadly it should be maintained.

Mr. KESHAV: So, what is the Global market, domestic market size for our molecular diagnostic business and at what rate the market is growing and what will be our market share.

Mr. DHIRENDRA DUBEY: Actually, this, total addressable market for molecular diagnostic is very, very.competitive.

You know, it's not clear because you have equipment's which are a close system, but okay what whatever is our kit based open system market. You can broadly say it should be between 300 to 500 and it grows.

We have roughly around 10%.

The market should grow at around 10%.

So, we are planning to gain market, sail the ship.

We have been gaining and let's hope for the best.

MR. KESHAV: And who will be the other competitors? In the segment.

Mr. DHIRENDRA DUBEY: I think Mr now let's get the opportunity to the other shareholder.

MR. KESHAV: Sir, I'll just a few questions. I'll just ask them, out of the 51 carrier revenue from the molecule diagnostic gauge.

Did 414.25 came from a single customer.

Mr. DHIRENDRA DUBEY: No, no, no, actually, it has been told previously also that we, with global technology is the form of a who joined this company in 2013 as it.

Commerce major commercial partner so what we do is he is maintaining his office staff technical support so the kids are built to him and then from there, it is offered to the labs hospitals and all the customers.

Because he has been assigned in 2013, and he is looking after the marketing majorly.

So that is why he was given this, because of his experience he was handling the commercial part. So he's the major channel partner. Okay.

MR. KESHAV: And so what is the IRA that, we are expecting before doing any acquisitions? Like you highlighted.

Mr. DHIRENDRA DUBEY: told him the presentation. No, you see, normally, whatever we are running from the money is kept in, the bank is almost around 6 to 7%.

MR. KESHAV: So, we would expect an error of over 10%, but at what stage we are acquiring a company.

MR. DHIRENDRA DUBEY: Maybe it's the, he's where it didn't take off. So expected IRA over a period of time should be over 10%.

MR. KESHAV: Sir, but, so would it be better if we grow our own business when we have 50 60% margin than the IRA of 10% that we are hoping for.

Mr. DHIRENDRA DUBEY: You say we, we are already focusing, but if we get a good opportunity.

And either of 10% above 10% I mentioned.

So, it, it has to be seen, what is the strategic advantage of growing organically.

That is the thing and giving any figures now right? Or doesn't make any sense because we don't know which a target is. What is it is doing what geography is it will do. Okay.

MR. KESHAV: Sure, my next question will be sure.

Is that because you already my final Washington.

So, reliance industrial, guided on getting into the genome testing page as well as what is the risk of diagnostic players like Dr Laura path or entering into molecular diagnostic test business?

Mr. Dhirendra Dubey: You see, you cannot stop anybody from coming into the business. We are very much, aware, where about any competition that will come.

So, normally, diagnostic Labs don't come into manufacturing.

And genome testing by reliance, that's not our area we are into manufacturing of kids.

Which are into infections and targeted oncology.

It's not testing.

Thank you sure I'll get back in the queue
Okay, well, next speaker, um, need to.

Moderator

Hello.

Hello, how are you able to hear me? So yeah, I can hear you., I just.

Mr. NEETHU JOSEMON

It's got a couple of questions I wanted to understand the CPO launched to.

And, what is a true potential of and rapid and how much you and research it will contribute.

Mr. Dharendra Dubey: To our top line in the next 2 years, if we can maybe, maybe,

Oh, you know, independently when we are saying, we'll grow the company at 25 to 30% all this is taken into account that's why it is a strategic move to keep increasing the product wage.

So, true rapid it is for detecting we have got for, we are also doing another products so that all will add. It's very difficult to say what is going to be the individual contribution because the market has to.

For we have to develop the market, we would be taking share from the culture, which is currently being used

We, have launched 1 panel, we will be launching, Other panels in next few months.

And is eventually going to become.

A competitor to real time piece here so we are just trying to move ahead so that we are in that field.

So, whatever is negative for PC or in somewhere, then we take care of it by the engineers.

And this market is definitely just growing in India.

Globally it is available, so it is much lower than the.

Total molecule or diagnostic market what we spoke about.

Mr. NEETHU JOSEMON: how, how defend this? The business.

MR. DHIRENDRA DUBEY: More than going to be a win we going to use the same business models? Same channels to market this.

Same channels, same business model because the customers remain the same mostly some.

Some people are added, but mostly they are going to be the same.

Mr. NEETHU JOSEMON These are the only questions are right. Thank you.

MODERATOR:

Chatbox man, so I cannot see. Okay. It is written.

Hi did this just right and to me.

Hold on.

Oh.

Hello.

Hello.

I don't know.

I think 1 by 1.

Mr. DHIRENDRA DUBEY: 1st, 2 question, which is the component of testing.

Nucleotide primer polymer, or is it made in house by kill test?

No, we are making a lot of components which are in house.

And a lot of components, which we buy, I would not like to.

Uh, disclose certain facts, which are proprietary and confidential in nature.

Does have any plans for getting into machine manufacturing or supply.

No, we are looking for opportunities because making PCM machines is a highly capital intensive and.

Already a lot of manufacturers are there, so we would prefer to go on model.

To get machine, made our understand, but post it there are already a lot of PCs machines available in.

Every lab, so, until unless there is specific need to go for into this, then only will go. Otherwise we'll continue to focus on main strength of making.

Kits and launching them, what are the addressable market size? We already answered this question.

What is the guidance for operating profit margin upcoming you've already answered this.

100 crowd cash, the company has been invested in Laura to instrument. So close to what is the plan to utilize these funds?

Uh, I also answered this, I mean, is a very long process.

And we have invested only in highly secured.

Areas, so definitely, the yield is going to be low.

But if we get an opportunity, then only we will invest otherwise rushing into an investment and trying to lose money is not the idea.

What is the state of agency listing? Plus let us conclude this merger completely.

And then let's look forward because any listing probably will need to increase the share capital.

So, just now, that is little far on the agenda.

When will we start doing quarterly phone calls anytime so.

Ah, we would definitely like to do let's see after this a financial year.

Currently, we are focused more on the growing the company post covered. A lot of things are there.

So, we are trying to put energies there, and most of the presentations that we upload.

That every information that is required, for any shoulder, what gives us confidence is growing at 25 of the market is growing at 10%.

We are strong brand.

We have a customer centric approach, and we have been growing so we know that we try to give good quality.

We are giving 24, 7 technical support.

So, we feel this, we, we are a dominant player. We are the known top brands in India.

This is the request management also address a request.

Questions we have done this is already done.

I think these questions I've already been answered.

Well, funded competitors, what is the constraints scaling or? There's no constraint we are growing at a good pace.

But you get this multiple diagnostic business grows.

My word of mouth you have to do sampling.

Of kids, customers take time to evaluate them it's not an FMC g or a consumer goods market, you know.

It has its own scaling up the business. Also we are what is the exact value we're expecting for a broken business?

There's no expectation as such. Once we get a buyer, then we negotiate. It is a small business.

With the top line, 1 of around 15 close plus minus. So valuation will depend and.

The only way a formulation business, so. We don't expect too much from it again update. So we, we people know that the businesses are available.

We have not got any specific queries as on date.

This is a repeat question. What will you say about competitive advantages? I already told.

This process is waiting on regarding name change.

Once it is done by the MC ministry of company of here, then we'll submit it to the.

Can you talk about export opportunity and can there be a Jacob in the growth?

I already said we are planning to we are pushing hard. We are focusing to grow at 25 to 30% that takes care of the entire portfolio export rapid.

Because market you have competitors coming in prices are going down.

It has to take place.

Rapid has to replace exports have 2 days so it's all put together.

This machine or not development manufacturer, we are losing the brand building past, right?

Also getting customer easy along with machine, right?

No, it's not like that piece machines already available with Labs.

Nobody is interested to buy a new machines at 1 day.

During covert maximum machine was sold.

So, now there is not much of demand for.

Export is is a different ballgame altogether. It takes a lot of time to acquire a customer portal registration in those countries.

And again, molecular diagnostic move, slowly word of mouth sampling of Kate testing validation.

Doing it another country? It it takes time.

Wow.

A closed system is 1 where.

The sample can be loaded onto the machine, it processes and received the answer and.

The machine only works on those companies kits so we, we cannot sell ours, like for rush.

Who was which is used for HIV testing for a habit machine for a panther machine.

Of they will use only their kids, we cannot put our kits on them.

So that's a different market altogether.

And, it has its own advantages, but it is only dominated by very big companies.

Because each machine set machine is costing on those 1 group.

So eventually. People would want, but then we, whatever we are doing in terms of open kits.

Marketing to open real time machines are available in the market.

So that is our main strength, and we are focusing on that.

Is there any questions.

Chad to sorry go ahead. So only 1 question.

Left, I think someone asked what is the NSC listing status.

I told, okay, so, 1st, we'll, finish with the merger. Name change, and then we will discuss with shareholders because initially we need to increase the share capital.

Back if we are not able to find an acquisition target.

That time we will decide to buy back in proportions.

Whenever we launch a new product, we always update, so. Please look at the site and, we are definitely developing a lot of rapid lot of a lot of products. The moment we are launched.

Is continuously way open market will always exist.

There are Labs having a lot of real time PC has available with them.

So, there's no risk of market moving to completely system.

Overseas in Europe, America, those systems are preferred.

Okay, so I would like to thank all the.

Members and,

Let's hope for a very good year and a.

Let's look forward to another AGM and let's interact.

And whenever there is a opportunity, we will try to have con calls after the this financial year.

Thank you all.

Okay, thank you. Everyone.

The Managing Director responded to the questions/clarifications of the speaker shareholders.

MODERATOR

Yeah, we conclude this meeting now.

The meeting concluded at 12:01 P.M.