

**TRANSCRIPT OF THE 52nd ANNUAL GENERAL MEETING (AGM) OF 3B BLACKBIO DX LIMITED (FORMERLY, KILPEST INDIA LIMITED)**

**Day & Date of Annual General Meeting: Tuesday, September 24th, 2024**

**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 52nd Annual General Meeting of 3B BlackBio Dx Limited (Formerly, Kilpest India Limited). Now I handover the proceeding of the meeting to the Managing Director.

Over to you, Sir.

**MR. DHIRENDRA 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 52nd Annual General Meeting.

**Dear Shareholders,**

It is an honor to welcome you to the 52<sup>nd</sup> Annual General Meeting of 3B BlackBio Dx Limited. Today, we gather not only to review our financial results for the fiscal year 2023-24 but also to celebrate our collective achievements over the past year.

First and foremost, I extend my heartfelt congratulations to all of you for your unwavering support and trust. The recent amalgamation of our company with its subsidiary has marked a significant milestone in our journey, positioning us as a leading and reliable name in molecular diagnostics within the healthcare sector.

For over five decades, the company has demonstrated resilience and innovation, consistently delivering exceptional solutions to our customers. This journey would not have been possible without the hard work and dedication of our employees, the loyalty of our customers, and the trust of you, our valued shareholders. Thank you for standing by us through the years.

Now, let's take a moment to review our financial performance for the fiscal year ending 31<sup>st</sup> March 2024:

- Revenue from operations - ₹ 74.12 Crores / ₹ 741.25 Million
- Profit before tax – ₹ 44.33 Crores / ₹ 443.32 Million
- Profit after tax - ₹ 32.10 Crores / ₹ 321.01 Million
- Earnings per share - ₹ 37.46

These results reflect not only our robust operational strategies but also the strength of our brand in a competitive market. The detailed accounts for the year, along with the Directors' and Auditors' Reports, have already been circulated to you. With your permission, I would like to take them as read.

## **BUSINESS MODEL**

We understand that everyone is keen to know the business prospects of the company, particularly following the recent amalgamation. Our company engages in direct sales to international markets and to Europe, through our UK subsidiary. In India, we partner with M/s Vivid Global Technologies, Delhi (Proprietor – Mr. Prateek Goel), our exclusive channel partner since 2013.

Mr. Prateek Goel, with his previous decade long experience with a diagnostic MNC, left his job in 2013 and established Vivid Global Technologies (VGT) to become our exclusive channel partner. His extensive past industry experience and strong customer connections have been instrumental in establishing and scaling our business in India. VGT employs over 25 well-qualified persons to support sales & marketing. He is a shareholder of our company holding 5.20% shares. However, he is neither related to any promoter of the company nor a part of the promoter group

The company operates through three primary sales models:

- a) **TENDER SALES:** This accounts for approximately 5%-7% of the total sales and it depends on type of tender, etc.
- b) **REAGENT RENTAL MODEL:** In this model, we provide molecular diagnostic equipment to the labs / hospitals with a condition that only our assays are used, these are long-term contracts which are projected to contribute business of 20%-25% for this financial year and coming years.
- c) **OTHER SUPPLIES:** Apart from above, we sell products to hospitals and labs which comprise the remaining 65%-70% of the total sales.

These models enable us to effectively meet diverse customer needs while driving our sales growth.

## **EXPORTS**

TRUPCR® assays have garnered widespread acceptance in more than 55 countries spanning the UK, Europe, the Middle East, APAC, LATAM, and North America (including the United States and Canada). Additionally, we have expanded into new territories across Europe, Africa, Southeast Asia, and the Middle East through strategic partnerships with channel partners. We started focusing on exports just Post-Covid mainly, so the marketing efforts which went in the years 2021/22 are now giving the results of high growth in exports.

Our participation in international tenders, both independently and through distributors, has led to securing annual rate contracts for our assays in select markets across the Middle East, Southeast Asia, and Europe. These contracts strengthen our market position and add significant value to our business globally. Our continuous efforts to engage more international distributors have led to an increased acceptance of our products in new markets, expanding our footprint from 35 to over 55 countries within the past year. We are steadily entering newer markets by adding international distributors, and the results of these efforts will be visible in the coming years.

The export sales (Non-COVID) for FY 2023-24 were ₹ 86.89 Million compared to ₹ 69.45 Million in FY 2022-23. Due to confidentiality reasons we are not giving a geographical

split of the sales, other than EU & UK. EU and UK sales numbers are disclosed by way of sales from the UK Subsidiary.

Maintaining this momentum, we are well-positioned to further expand our international business. With a targeted growth projection of 20-25%, it's evident that we are poised for continued success in the global market.

### **UK SUBSIDIARY – TRUPCR® EUROPE LIMITED**

The growth of our UK subsidiary by over 50% in FY2023-24 marks a significant milestone, driven by successful expansion into new markets. Our UK team has adopted a proactive and strategic approach to this European expansion.

Having all the functions (sales and marketing, technical support, and research and development) integrated under one roof streamlines operations and enhances efficiency, particularly in reducing turnaround times and providing timely technical support to our customers. Additionally, manufacturing our assays in the UK not only supports operational efficiency but also adds value by labeling products as "Made in UK," a significant advantage for EU customers due to proximity and potential ease of regulatory compliance.

The revenue growth we have experienced over the past year serves as tangible validation of these efforts. It is clear that our strategic investments and focus on operational enhancement are yielding positive results. With this momentum, we are confident to have substantial potential for even greater success in the coming calendar year.

With a comprehensive setup in Manchester, we anticipate that the business of UK subsidiary will scale at rate of 40% to 50% for this financial year and the next year. The current capacity of Manchester site is enough to manage this increase in growth rate.

### **RAPID DIAGNOSTICS VERTICAL - TRURAPID®**

The Rapid Kit manufacturing plant is ready & we are optimizing the products in R&D which have market potential, other than the COVID Testing Kits. We have received the CDSCO approval for Rapid Tests for detection of Anti-Microbial Resistance, Dengue NS1 and Dengue IgG/IgM. We will keep on adding products as and when they are ready from the R&D.

The Rapid Diagnostics Vertical has started to generate revenue, even though it is at a very preliminary stage and it will support the revenue stream in the coming years.

### **NEXT-GEN SEQUENCING VERTICAL - TRUNGS®**

We have started the NGS kits revalidations (which were put on hold during COVID). We launched our NGS based "TRUNGS® Solid Tumor Panel" in the last financial year which is being validated at a few customer labs. Aside from this, we have added few more parameters in this portfolio, keeping in mind the global market requirements.

### **DIGITAL PCR - TRUDPCR®**

Our R&D team has been working on the development of assays based on Digital PCR (dPCR) technology which enables absolute quantification of target nucleic acids. This could lead to the development of valuable diagnostic tools with significant impact on disease detection, treatment monitoring, and research advancements.

We are hopeful to launch the TRUdPCR (digital PCR) assays in Q3/Q4 of FY 2024-25.

The rapid diagnostics, NGS, and digital PCR verticals are crucial for the success of molecular diagnostic companies. We are steadily expanding our portfolio in these areas to ensure that we remain at the forefront of technological advancements and eliminate any potential gaps in the future.

### **WHAT SETS US APART!**

- Largest CE-IVD and Indian IVD product range available across Infectious & Oncology assays and we are regularly increasing our portfolio.
- Highly experienced, strong and well retained team including Ph.Ds., MScs., MBAs in our Production, R&D, QC and Sales & Marketing.
- Only Indian molecular diagnostics company to have a subsidiary in UK, establishing our credibility globally.
- Both our manufacturing sites, India and UK, are ISO 13485 certified by BSI, UK defining our strong Quality Management System.
- We deliver orders in the shortest TAT (Turn-Around-Time) in the industry.
- Technical support in the same time zone available to the end-users both for India and EU customers giving us an added advantage over competition.
- Our economical prices gives us a leverage over other suppliers in the market.

The effective growth for FY Q1 2024-25 compared with Q1 2023-24 is approx. 30% which is well in line with the expected growth rate of 20-25%. The export numbers have doubled in Q1 2024-25 compared with Q1 2023-24.

The growth in exports will be on a slightly higher side as compared to domestic, however, the company will collectively grow at a rate of 20-25%.

### **MERGERS & ACQUISITIONS**

To best enhance shareholders value, we are looking for several acquisitions mainly in the molecular / IVD segment targeting both manufacturers and distributors, primarily across Europe and the US regions, where the molecular diagnostic market is most evolved. While, we keep getting opportunities but for some or the other reason, it does not meet the required internal rate of return (IRR) or have demonstrated sufficient future growth potential.

We believe that as the valuation hype driven by COVID-19 begins to subside, we will have the opportunity to identify more suitable acquisition targets moving forward.

### **DIVIDEND**

The Board of Directors of the Company are pleased to recommend a final dividend of ₹ 3.00 i.e., per equity share of face value of ₹ 10.00 each for the FY 2023-24.

I would like to invite all Members present at the Meeting who have not yet cast their votes via remote e-voting, and who are eligible to do so, to participate in the e-voting

process now. Voting will remain open for 15 minutes following the conclusion of the Meeting.

The Scrutinizer will provide a report after completing the scrutiny of both the votes cast during the AGM and those submitted via remote e-voting.

As we conclude, I extend my heartfelt gratitude to all our valued customers, both domestic and international, for their unwavering support. Special thanks goes to our supply and trade partners for ensuring the timely availability of our products. We also appreciate the continuous support from the Government of India, the Ministry of Health, and the Government of Madhya Pradesh for their collaboration with our initiatives.

Lastly, I would like to thank all our stakeholders. Your support is vital in helping us build a self-sufficient company and in achieving the vision of 'AatmaNirbhar Bharat' set forth by our Hon'ble Prime Minister.

Now, we request the 2 registered speakers to ask 3 questions each.

## **Q&A**

### **MODERATOR**

Facilitated question and answer session

As informed by the company, we have received the two speakers request and announcing their name one by one.

1st speaker Mr. Kartik but I think he's not present in the meeting and 2nd speaker, Mr. SATYA PRAKASH MITTAL is available? Yeah. Yes.

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

1. Mr. KARTIK BHAT
2. Mr. SATYA PRAKASH MITTAL

### **Mr. SATYA**

Good morning sir, I hope I'm audible.

### **MODERATOR**

Yeah, yeah.

### **Mr. SATYA**

Thanks.

For the detailed opening remarks, it was really helpful. Sir, I have sent in my list of questions. I hope you have them available.

**MR. DHIRENDRA DUBEY**

Yes, we have tried to cover most of the questions in the PPT. If you can pinpoint some or two, three questions, then it will be a good thing because you have asked a lot of things which are complex. Industry related things you know it. It would probably can you say what is left? People have asked in chat box.

**Mr. SATYA**

So just you know trying to overall understand from you the opportunity like which is there in India for us and, if you can highlight, you know, how are we, you know, differentiating from others, and.

**MR. DHIRENDRA DUBEY**

So I think if you, if you have read the heard the presentation, what sets us apart, we are growing at 20 to 25 % for next this year and next year. So all that has summed up the entire you know the view, the question that is you have put.

**Mr. SATYA**

All right, so just broad, you know your broad vision on where you want to take the company and the opportunity available to us. If you can answer that, that will be helpful.

**MR. DHIRENDRA DUBEY**

No, I said now that you know, we are growing at 20 to 25 % this year and next year also we hope the same. After that, let's come to that point of 25 and then we can understand where the industry is opening because a lot of things are dependent, you know, on the. Post COVID, there is a lot of transition. Molecular diagnostic has become a routine part and a lot of labs were opened during COVID times for molecular diagnosis. lot of them have shut down post COVID, but still the number pre COVID and post COVID is substantial. And that is the reason why we are growing at 20 to 25 %. Exports are growing at a higher percentage because we started. Participating and trying to export in 21 posts COVID. And now we are getting those results. So I feel that for next two years we should continue to grow at 20 to 25 %. After the two years period, then we can review where we are going to be and, you know, that, that time we can review that point.

**Mr. SATYA**

Understood. Sir, if you can like highlight, you know, the key competition and, what is different in our product, which will also be helpful.

**MR. DHIRENDRA DUBEY**

No, I already covered now what sets are the part. The main thing is to give a quality product. To give timely tech support, to give fast supply of kits when you are importing

kits from multinational, there is a time lag which other companies might be having different level than what we are providing. Then if you talk about European customers, we are providing tech support from the same time.

So we are trying mainly to give very good quality product timely delivered and good tech support. And of course we are also liberal in terms of payment; we are not very strict of advanced payment or keeping a timeline of 60 days. We try to keep it little. Friendly with the customer because then sudden spikes come for season and then that time if you put your foot down for payment then you might not be able to get so sales which has forwarded. So these are the things which mostly help us to grow.

**Mr. SATYA**

Understood. Thank you sir. Thank you for answering the questions. Thank you.

**MODERATOR**

There was another question regarding in chat box.

**MR. DHIRENDRA DUBEY**

So we have developed a kit which is in a research use model and we are trying to validate it for the CDSCU approval in the external labs.

**MODERATOR**

So now so we have a, a question in the chat box. Are you exporting to US or our client FBA compliant?

**MR. DHIRENDRA DUBEY**

So we are exporting to US but kits go as research use only format or through some distributors who have some managements, so because USFDA is a very costly proposition so we are not US FDA. We have Indian IBD, we have CIVD, so which takes care of our Indian operations and we takes care of our European operations. The CIVD is also. Accept across Southeast Asia, Africa, and Middle East. In US, the IVD kits, they have to have a US FDA approval, which are very, which is very expensive propositions, we are not in that stage currently.

**MR. DHIRENDRA DUBEY**

Okay, I'm not seeing any other chat question in the chat box.

Sir, basically there were multiple questions. 1st question I think you already answered. 2nd question, can we conclude.

**MODERATOR**

Kindly answer my question how did the global diagnostic market kit market and what is the addressable size for our company? You see how big is the global diagnostic kit market?

**MR. DHIRENDRA DUBEY**

I can't comment on that because whenever we try to search, so, you know, we come across huge figures of billions of dollars. The problem is that the molecular diagnostic figures that are shown, they come, include extraction systems real time PCR, then there are point of care machines.

**MODERATOR**

So what is actually, we are in open system kit reagent company.

**MR. DHIRENDRA DUBEY**

So global figure I will not speak about because I don't have an idea about it. We know that in India the market size of open kits is somewhere around 400 to 500. It's a very vague number, but yes, it's somewhere around that. And, we are still somewhere around maybe 10 % out of that market. And we can definitely continue to grow at 25 to 30 % for next two years. After two years we can talk about further years, you know, because. So many dynamics are there, new products have to be made, prices are there and other things.

**MODERATOR**

How big is then we have another how strong is our R and D team's strength capability and it's comparable to global?

**MR. DHIRENDRA DUBEY**

Yes, we have been developing, now we have the largest portfolio of molecular diagnostic kits in over a period of last ten years. It's an effort of the R and D team only, so we are recognized under the top five companies in India .

Globally also we are exporting where products are well accepted. So our team is definitely good.



**MODERATOR**

What are the efforts we are doing to expand export market apart from?

**MR. DHIRENDRA DUBEY**

No, we are participating in trade fairs, we are appointing distributors.

And, by word of mouth also from customer to customer we get. So this is that is how we are growing in the export market where the growth rate is very high substantially and we are also looking for opportunities to acquire maybe a distributor like we did in Manchester.

**MODERATOR**

Kindly increase the dividend pay-out.

**MR.DHIRENDRA DUBEY**

We have been consistently paying dividends and next year probably we'll increase the dividend and keep in mind this suggestion.

**MODERATOR**

All quick questions. What are we planning to do with the business hardly contributing to the business growth?

**MR.DHIRENDRA DUBEY**

We, we have sustaining the agree business only to, you know; keep supplying to the old customers to keep that relation, to recover the monies and we export which is advanced payment on LC or we participate in government tenders through gem. And we of course are open to the idea of divesting it. As soon as we get an opportunity, we'll do it. It's now very, very static and gradually it will become this thing, but we cannot just shut it down immediately because.

We also want to continue supplying to the old customer to recover the money. We have a labour team also, small labour team.

**MODERATOR**

What is the reason for getting business in export?

**MR.DHIRENDRA DUBEY**

I already explained the reason Quality, timely supplies, tech support at the same time zone. I would like for 25 in terms of top line and bottom line. We've already said, you know, we'll be going at 20 to 25 %.

Bottom line, we have a, a beta margin of 50 to 60 %. It will depend between products to products Sometimes if a higher contributing product is there it could touch towards 60 side. If for some reason we have a supplier of a lower side, then we might be at 52. So that's a broad range of.

Steady state operating margins question. I don't know I think we have already answered. We have mentioned we are looking at US acquisition target.

**MODERATOR**

Are we looking at US FDA plant or distribution partner?

**MR. DHIRENDRA DUBEY**

NO, we can, we are open to anything that is within our budget. So, once we get an opportunity, whether it's you FDA, it's actually, it's not the plant which is FDA, it is the product which gets an FDA approval and the plant is supposed to be an ISO 13485.

So if there is a company which has a US FDA approved product, then it depends on what kind of volume it can get. So the valuation also would be different. And distribution partners are of course.

A good thing because that's how the molecular diagnostic gets expands. So if I get a US distribution partner who has sales of two to 5 million and where we can put our product and it can be sold in that market. Yes, we would be open to that.

**MODERATOR**

How do we incur not very high debt given the long receiving cycle?

No, we are constantly in touch with the customers and, it's not that the money is not coming. It sometimes gets stuck because of; previously for COVID we have a small number which is very low, 232 crores or something, but otherwise.

Is we keep getting the money in a hundred and 20 days, sometime in 90 days, sometime in 01:50 days, but it is, it's a continuous process. So there is nothing like a chance of a bad debt.

So I think I have answered all the questions in the chat box and this thing and I think another 2 min we can call the meeting to an end and look forward to the next age here.

I thank you all for taking out your time and participating and giving your insightful questions.

We can do, from next to this thing quarter we'll try to do a call with the investors. I tried to cover most of the information in the presentation, so, but still if, if a call will be helpful to the investors, we can definitely do it.

I think we should either see in the next quarter or maybe from 25 we will start it. Okay. Krishna (MODERATOR) I think that's all.

**MODERATOR**

Okay sir. Thank you.

Thank you, everyone.

Okay, with your permission we are ending this meeting.

**MR. DHIRENDRA DUBEY**

Yeah, I don't think any questions is there or even in the speaker. Okay, thank you all.

**MODERATOR**

Thank you, sir. Thank you.

E voting window will be opened remain 15 min from in from closure of this meeting.

Thank you. Thank you just in the meeting.

Sure, should I, put the time for 15 min?

The meeting concluded at 11:58 A.M