



March 27, 2025

The Manager
BSE Limited
Corporate Relationship Department
P. J. Towers, Dalal Street,
Mumbai – 400 001.

The Manager
The National Stock Exchange of India Limited
Exchange Plaza,
Bandra - Kurla Complex, Bandra (E),
Mumbai – 400 051.

BSE Scrip Code No. 524280

NSE Symbol: KOPRAN

Dear Sir/Madam,

Sub: Investors Conference Call Recording/Transcript

With reference to Regulation 30 read with Part A of Schedule III and Regulation 46 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, recording of an Investors Conference Call held on March 25, 2025 is uploaded on Company's website:

<https://www.kopran.com/investors/financials/>

The transcript of the Investor Conference call is also annexed herewith.

Regards,
For Kopran Limited

Sunil Sodhani
Company Secretary & Compliance Officer
Membership No. FCS 3897



KOPRAN LTD.: Parijat House, 1076, Dr. E. Moses Road, Worli, Mumbai - 400 018. P. B. No. 9917, Tel.: (022) 4366 1111
Fax: (022) 2495 0363 Website: www.kopran.com CIN – L 24230 MH 1958 PLC 011078. E-mail: cs@kopran.com
Works: • Village Savroli, Taluka: Khalapur, District: Raigad - 410 202. Tel.: (02192) 274500 / 335 / 337 • Fax: (02192) 274025



“Kopran Limited

Investors Meet on Scheme of Amalgamation”

March 25, 2025



MANAGEMENT: **MR. SURENDRA SOMANI -- EXECUTIVE VICE
CHAIRMAN – KOPRAN LIMITED
MR. SANJAY DOSI – GROUP ADVISOR –KOPRAN
LIMITED
MR. VARUN SOMANI – MANAGING DIRECTOR –
KOPRAN LABORATORIES LIMITED, DIRECTOR –
KOPRAN LIMITED**

MODERATOR: **MR. HRISHIKESH PATOLE – BATLIVALA & KARANI
SECURITIES**

Moderator: Ladies and gentlemen, good day, and welcome to Investors Meet on Scheme of Amalgamation of Kopran Limited Conference Call. 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 the touchtone phone.

I now hand the conference over to Mr. Hrishikesh Patole. Thank you, and over to you, sir.

Hrishikesh Patole: Good afternoon, everyone. I welcome you all to the conference call of Kopran Limited regarding the merger of Kopran Laboratories with Kopran Limited. Hope everyone is in good health and doing well. On behalf of Kopran today, we have with us Mr. Surendra Somani, Executive Vice Chairman, Kopran Limited; Mr. Sanjay Dosi, Group Advisor, Kopran Limited; Mr. Varun Somani, MD Kopran Labs as well as Director in Kopran Limited.

I now hand over the call to the management for the opening remarks, post which we'll open the session for Q&A. Over to you, sir.

Surendra Somani: Thank you. Surendra Somani here. A warm welcome to all of you on the Investor Meet on the scheme of amalgamation approved by the Board of Directors on March 20, 2025, of Kopran Laboratories into Kopran Limited. The proposed share exchange ratio is 100 fully paid up equity shares of Kopran Limited against 45 fully paid up equity shares of Kopran Laboratories Limited after receiving all the regulatory approvals.

We have already given a brief about the merger in the press release and the outcome of the Board meeting on the stock exchanges. This merger will create a synergy by leveraging the strength of both the companies to exploit the health care and diagnostic market. The merger will give Kopran an entry into the fast-growing \$14 billion Indian diagnostic industry, which is growing at a CAGR of 14% over the next 5 years and is expected to almost double and reach \$25 billion in FY '28 and nearly threefold by 2034.

The merger will allow Kopran to capitalize on the Kopran Laboratories relationships and team for marketing Kopran's products into hospital and government institutions. Kopran Limited will leverage its manufacturing capabilities to repack and manufacture diagnostic kits for Kopran Laboratories, thereby increasing margins and profitability. This will take Kopran one step further into becoming an integrated health care and pharma company. The merger will be EPS accretive to Kopran and create value for its shareholders.

I now hand over the platform to Mr. Varun Somani, Director of Kopran and the Managing Director of Kopran Laboratories Limited to say more about Kopran Laboratories. Thank you very much.

Varun Somani: Good evening. I'll give you a small brief about Kopran Laboratories. Kopran Laboratories operates in the fast-growing Indian diagnostics segment and is engaged in the business of marketing diagnostic equipment, consumables and automation products to path labs and hospitals. Kopran Laboratories also provides equipment and other infrastructure to its customers

by entering into long-term agreements for consumable purchases as well as support services, thereby enabling them to upgrade their facilities without any capital investments to them.

We represent many multinational companies for marketing and servicing their products in India, and we have a pan-India team of sales and service setup all over the country. We execute turnkey services for government hospitals and medical colleges to set up and automate their path labs.

We cater to over 200 customers in India. Some of our leading customers include Thyrocare Technologies, Tata 1mg, AIIMS hospitals all around the country, Tata Hospital, including Tata Hospital Bombay, Homi Bhabha hospitals, again, all over the country, as well as several other private and government hospitals, colleges, path labs and institutions.

We will now open the forum for questions and answers.

Moderator: Thank you very much. We will now begin the question-and-answer session. Our first question comes from the line of Maulik Varia from B&K Securities.

Maulik Varia: I just wanted to understand, sir, we have arrived upon a swap ratio of 45 shares of Kopran Labs for 100 shares of Kopran Limited. So I wanted to briefly understand about how did we arrive at this ratio? And I think the implied valuation for Kopran Labs comes at around INR200 crores now. So can you broadly explain to us about the valuation and how did we arrive at the swap ratio?

Sanjay Dosi: The valuation exercise was done by EY and Armslength Advisors, and swap ratio was, I think, fairness value swap ratio was done by Saffron Advisors. They have taken all necessary parameters for valuing both the companies arriving at swap ratio. So we have gone with their advice and done as per their valuation reports.

Maulik Varia: Okay. And also, sir, just a clarification. In the press release in the table on, I guess, both of this page, there was a mention about around 1,69,000 shares would be issued against some 76,000 shares and some -- it is against the promoter, public classification. So I was not able to understand that. Can you please help us with that?

Sanjay Dosi: I mean, some shares were of Kopran Laboratories were under transfer to promoters. So it's remark is regarding that.

Maulik Varia: Okay. Yes. And so with regards to the business for Kopran Labs, I think what we see is for December period, until the December period compared to previous year, the revenue seems broadly muted. So what could be the reason for it? And is there a seasonality attached to it?

Varun Somani: Yes. So the main quarter for Kopran Laboratories is the last quarter of the year, which is Q4, and that contributes to a bulk of the business of the company because a lot of government tenders, a lot of government orders, etcetera, are closing before 31st of March. So to that extent, there is a little bit of skewing in the -- of higher performance in the Q4. I would not call it a seasonality business because we are naturally supplying our reagent consumables all year through.

But just to give you a comparison, the 9 months figures, which we shared, which roughly shows at INR68 crores, INR69 crores turnover in 9 months. If I compare that to the previous year, it was around INR59 crores.

So you will get a sense that last -- in the year '23, '24, when we closed at INR103 crores top line, only INR59 crores was coming in the first 9 months. So our last quarter was close to a INR43 crores quarter. So similarly, this year as well, we expect that Q4 will be a very big quarter for us as compared to the previous quarters.

Maulik Varia:

Okay. Understood. Thank you. And one last question is in terms of products, sir, what are the products which contribute the highest for us, like the top five products, which are the key products for us?

Varun Somani:

So Kopran Laboratories is, like we mentioned, is in the diagnostics business. In the diagnostics requirement of any path lab, there are various departments and various category of products. We primarily deal in something called clinical chemistry which is primarily the test that you do when you give your blood for checking any parameters of yours. So that is primarily the segment that we operate in.

The bulk of our revenue comes from the consumables business, which is what we call reagents. Reagents are the chemicals, which are mixed with your blood and then it is operated on a machine for you to test the blood, to report the blood result of the blood test. So reagents contributes to almost 80% of -- 75%, 78% of our top line.

The balance would be a sale of equipment, which contribute to around 20%, 22%. And there is a certain 1%, 1.5% of a service component where we operate CMCs and services which we operate.

Maulik Varia:

Okay, sir. So 75%, 80% is from reagent, and the clinical -- so this forms a part of the clinical chemistry only, which you said, right?

Varun Somani:

That's right. We also do -- I mean, clinical chemistry is one of the sectors we do. We also do urinalysis, for example, we do blood banking as well. We do immunology as well. But yes, these are -- some of these are newer divisions which we have started in the recent past. So they are all going to be the growth drivers for the company. So as of today, primarily the figure I gave you is from the clinical chemistry portfolio.

Moderator:

Our next question comes from Julie Mehta from B&K Securities.

Julie Mehta:

So sir, I just wanted to understand the business as to if this is the trading business and what are the kind of margins that we expect? If you could throw some light on that?

Varun Somani:

So no, this is not a trading business. I mentioned about long-term agreements that we do which form a significant part of our business. So what we do is primarily we invest in the hardware requirement of a path lab.

So, for example, as of today, we have close to 120 machines all over the country, which are present at various private and government hospitals and institutions, which are owned by the company, by us. And we are placing these machines on a contracted basis to these customers against a commitment of a certain amount of consumables that they will have to buy from us every quarter and every year.

So the way -- why this is beneficial for them is because they do not need to take care of any capital investment or any unnecessary capex. And we are investing on their behalf. So they are able to upgrade their technology much better than what they currently are using.

And against that, all they have to do is they have to buy a certain amount of consumables from us as per a contract. These are all contracted -- this is a contracted business. So all these 120 machines, every single one of them is under a contract with a particular customer.

So I would not call it a trading business. I think this contributes a large part of our top line. Almost 50% of our top line comes from this contracted business. So this part of the business, I would say, is more like an annuity type of a business model which we are creating in which we are growing.

And the remaining part of the turnover to a large extent, comes from -- a lot of it is project-based business.

Some of them is obviously supplies and yet customers who have bought machines from us who buy consumables from us. And a lot of it is also backed by service contracts, etcetera. So it's -- I would not call it a trading business. It is more a services business.

Julie Mehta:

Okay. So sir, the machines that we set up, are those machines, we manufacture those machines or that we are outsourcing from other medical devices companies?

Varun Somani:

Yes. So we represent -- we do not manufacture the machines. We represent several companies for the Indian markets. Sometimes it is one machine. Sometimes it's a combination of many machines. We do a lot of pre-automation work as well with customers, wherein a lot of their manual tasks are automated. So it could be a combination of a few machines in pre-automation as well as the regular testing. So it's a combination of that. And we represent various companies, almost 25 companies for the Indian market.

So some of these companies that we represent, we purchase the machines from them. There are some leading companies like an American company called Beckman Coulter, which is one of the leading companies, some of the machines -- a lot of the machines are of Beckman Coulter. We represent a few Chinese companies.

So again, it depends on the segment and the market that we are catering to. These are very high-end machines. So if the requirement of the customer is for such a high-end workload, then we will accordingly pitch the machine to them.

Julie Mehta:

Okay. That actually provides a lot of clarity. Sir, in continuation to that, I would want to understand like what is the average timeline of the contracts that we enter into with these

companies? Are there any stringent rules like it has to be a 2 year to 3 year contract or will do even shorter time lines?

Varun Somani: No, we do not do such short time lines because naturally, when we are investing in these machines, there is a certain amount of payback because naturally, when I'm investing in the machine on day one, my outflow and investment is going in on day one, and we need to obviously get a payback on that investment as well, and then obviously look to enhance on that and make our profits faster. So these are typically around 5 years. Some of them are 4 years, some of them could be 7 years, but typically average is around 5 years - 5.5 years.

Julie Mehta: Okay. And sir, what are the kind of margins that we look at in this business?

Varun Somani: So typically, we would like to -- we would work with -- EBITDA margin is around 28% to 30%. So -- I mean, I hope that would answer your query.

Julie Mehta: Okay. Sir, I have another question relating to the cost. So the need for marketing in this business would actually increase our cost in terms of SG&A cost, employee because we will need to add field force as well. So taking that into consideration, what is the strategy towards making this an EPS accretive development?

Varun Somani: The call for the marketing and what you mentioned, they are already -- Kopran Laboratories is already covering those costs. And so that part is not going to affect in terms of Kopran Limited numbers.

Julie Mehta: Okay sir, I will get back in the queue.

Moderator: Our next question comes from Mr. Hrishikesh Patole. Please go ahead.

Hrishikesh Patole: So just quickly on the deal. So in terms of the swap ratio that you announced, I mean, how does it -- what are the valuation comes out of it? It value Kopran Labs in terms of EBITDA on FY '24 basis? Or EV by sales whatever suits you, you can disclose?

Sanjay Dosi: I mean both companies were valued and swap ratio was arrived accordingly. Kopran Lab was valued at about INR256 crores and at about INR25 crores of cash, so about INR230 crores.

Hrishikesh Patole: Okay. And now more on -- I mean, this question would be for Varun on the Kopran Labs plant. So how much is that currently or just current?

Varun Somani: I'm sorry, can you repeat your question?

Hrishikesh Patole: How much would be our team in Kopran Labs, I mean strength of people?

Varun Somani: You mean in terms of people, we have a team of about 75 people.

Hrishikesh Patole: 75 people. And these are based in Mumbai or I mean how much...

Varun Somani: It is all India. We have offices in Delhi, in Calcutta, in Bangalore, obviously, Mumbai as well and satellite offices in few other towns as well.

- Hrishikesh Patole:** Okay. Thanks. And I mean -- so we would be requiring a warehouse for storing the reagents and then when -- so regarding the supply chain, I mean how do we manage that and can you throw more light on that?
- Varun Somani:** We have our warehousing in cold chain facilities. Cold chain has to be maintained throughout. So all that is already in place. I mean just to give you a perspective, this is -- this company is -- has been in business for a long time, but it's only in the last 3 years, wherein 3 years back, our top line was around INR35 crores, which we have increased threefold to INR103 crores in the last 4 years. So all the facilities, infrastructure, everything is in place.
- Hrishikesh Patole:** Great. And in terms of regional inflation, I mean, which region would largely contribute or is it diversified across India? And what should be more...
- Varun Somani:** It is diversified across India, but primarily our strength lies a lot in East and I would say, East and West. North is also a big market. South is a market which we entered about 3 years back. So that has a lot of growth potential, primarily because we entered late and there was a lot of competition there, but we have done very well in the last 3 years, we have -- it has made significant strides.
- Hrishikesh Patole:** Okay. Great. And just -- so what are the low-hanging -- whenever you enter a new market and what are the low-hanging fruits, which firms your target, you target standalone diagnostic players or regional chain, what are the low-hanging fruit? Do you go for a B2B business hospitals?
- Varun Somani:** We -- it depends from territory to territory. We are only into B2B. We are not into B2C. We have not started front facing. That is something that we are working on and we might have plans to -- and now especially with the merger and the resources that Kopran has to offer, we might consider B2C also in the future if it is making investment logic. However, we are pretty much 100% a B2B company as of now.
- We -- it depends to ask your - to answer your question, it depends on territory to territory. We do a lot of work with government. So in terms of tender opportunities or if there are any Tier 2 or Tier 3 cities, if there is any upgradation required, that is what we like to target because I think that is an area where the big multinational companies don't focus. Our strength lies a lot into Tier 2 and Tier 3 cities.
- So we have done a lot of automation work there. We've done a lot of development work there. We've done projects whereby we have got a piece of land from the government, and we've actually created an entire automated path lab for them. We have done projects like that as well. So these are exciting opportunities, which we like to target, but anyone from a single lab owner to someone like a -- I mean a chain -- all India chain like a Thyrocare also or Dr. Lal also, all of these are our customers.
- Hrishikesh Patole:** Okay. Great. And just, I mean, so overall, if I look at the numbers of Kopran Labs, I mean, FY '24, we have grown top line around 45%. I mean, so any broad number or any broad guidance you would like to give on 3, 4 years down the line where you want to take Kopran Labs along

with the synergies and now with the help of this merger, what are your plans, where do you expect margin to be upwards of around...

Varun Somani:

So the diagnostic industry, which is just a part of what Kopran Lab does is anyways growing at 14% to 15%. So we expect to participate in that growth. Barring that, like I mentioned, we've added a few new divisions as well into this sector, which – revenues which were not present in the last year or this year, which revenues will start to come and add to the growth story as well. Like I also mentioned something about the South region. Now that region also has a lot of growth potential because we have just started operations last year in that. So that will also add to our growth story.

These are exciting opportunities. We are already talking to a few other multinational companies as well. I'm confident that with Kopran support now at a global level, we will also attract more companies to participate in the health care industry in India. So we expect this to just be a starting point. And definitely, we expect to grow the business, and that's why we are here to grow the business.

Hrishikesh Patole:

Yes. Great. Just one more last from my side. I mean, how many -- and if you choose to not to answer this, that's okay. But how many similar companies does the promoter has in the health care field? And I mean, how is the structure broad now for Kopran Limited? How many -- I think we also have a Kopran Research Limited subsidiary. So I just want to get an idea of how much now falls under Kopran Limited., including Kopran Labs. Can you just...

Surendra Somani:

Kopran Limited, becomes now the comprehensive health care company, where we are in the API business, we are in the formulations business. And now we are in the diagnostic business. So we have all the 3 segments under one umbrella. There's no other API business or pharmaceutical formulation business or diagnostics, which is out of the purview of Kopran. Once the merger is completed, it will be complete health care limited.

Hrishikesh Patole:

Fair enough. Thank you sir.

Moderator:

Thank you. Our next question comes from the line of Maulik Varia from B&K Securities. Please go ahead.

Maulik Varia:

Just wanted to understand. Who would be our key competitors in this space?

Varun Somani:

So naturally, there are multinational companies like an Abbott or a Siemens or Roche, for example, these are all companies, European and American companies, which operate in this space. But what I feel we are slightly different because we are brand agnostic. We work with multiple brands.

And like, for example, Siemens is only restricted to all the products that they make. We, however, also go beyond that because we work with -- in areas in which they do not have products available to them because it's a different sector altogether.

So, I would say that these are the multinational companies, which are primarily operating in the diagnostics industry. But yes, so I mean this is what -- this is who we compete with on a day-to-day basis.

Maulik Varia:

Okay. And will we require any capex investment in the next 1, 2 years? And if yes, how are we planning to fund it?

Varun Somani:

Our capex investments happen every year. Like I mentioned, we have close to 120 machines, which are currently on contracted basis for our, what we call, reagent rental business or contract -- reagent contracted business. So these 120 machines are already there. And every year, we typically add 20 to 25 machines.

Like for example, this year, we have added -- already added 23 machines and we might add 1 or 2 more before the year ends in the next week. So we will be close to 23, 24 machines this year as well. And we foresee this to happen every year.

And we expect this 20 to 25 machine investment, which is typically around INR7 crores to INR8 crores to happen every year. This is all funded by internal accruals. Like Sanjayji mentioned, we are sitting on a decent amount of cash in the company. So that takes care of any such capex requirements.

Maulik Varia:

Okay, sir. Thank you.

Moderator:

Thank you. As there are no further questions from the participants. I now hand the conference over to the management for closing comments.

Surendra Somani:

I would like to thank all investors, who have joined us today or who may read this later on. Thank you for imposing your faith in us, and we look forward to a better growing period as a comprehensive health care company. Thank you once again.

Moderator:

Thank you. On behalf of Kopran Limited, that concludes this conference. Thank you for joining us. You may now disconnect your lines.