3B BlackBio Dx Ltd. – Investment BUY Call – 6 to 9 Months Horizon

Dear Bajaj Capital Investors,

New Stock Recommendations for BUY on 24 June 2026

CMP -> 1175

Buying Range -> 1175 to 1800
Upside Potential-> 18%
Investment Horizon -> 6 to 9 Months (2 to 3 quarters)
Target price -> 1385

1. Investment Thesis: Structural Growth Opportunity in Molecular Diagnostics with Expanding Global Presence

We initiate a positive investment view on 3B BlackBio Dx Limited with a medium-term investment horizon of 6–9 months, supported by the company's strong positioning in the niche molecular diagnostics segment, improving international presence, healthy profitability profile, strong balance sheet and multiple growth levers across domestic and export markets. The company operates in the molecular diagnostics industry through its portfolio of PCR-based diagnostic kits, syndromic testing panels, antimicrobial resistance (AMR) diagnostics, oncology diagnostics, genetic testing solutions, lateral flow assays and next-generation sequencing (NGS)-related solutions. The company's products find applications across infectious disease detection, respiratory panels, tropical fever diagnosis, oncology screening, antimicrobial resistance identification and precision diagnostics. Management believes the molecular diagnostics opportunity remains underpenetrated, with increasing adoption driven by healthcare infrastructure development, government healthcare initiatives, private laboratory expansion and rising preference for faster and accurate diagnostics.

2. FY26 Financial Performance: Strong Growth with Healthy Profitability and Cash Generation

The company delivered a strong FY26 performance with consolidated revenue of approximately INR142 crore and PAT of nearly INR60 crore, supported by healthy growth across the diagnostic business and meaningful contributions from TRUPCR Europe and Coris BioConcept. 3B India molecular diagnostics revenue increased to INR86.47 crore in FY26 from INR78.34 crore in FY25, while TRUPCR Europe revenue increased significantly to GBP1.75 million (INR20.67 crore) compared with GBP1.28 million (INR13.9 crore) in the previous year. Coris BioConcept contributed INR35.91 crore revenue and INR8.76 crore PAT for the seven-month consolidation period after acquisition. Management highlighted that FY26 performance benefited from strong diagnostic demand, international expansion and acquisition contribution. The company has demonstrated strong cash conversion capability, with PAT-to-CFO conversion at approximately 85–90% over the last one and three years, EBITDA-to-CFO conversion at around 80–90% and operating profit-to-CFO conversion exceeding 115–120%, reflecting strong earnings quality and efficient working capital management.

3. Core Business Strength: Dominant Position in Indian Molecular Diagnostics Market

3B BlackBio has established a strong competitive position in India's molecular diagnostics market through its TRUPCR platform, broad product portfolio and established customer relationships across government institutions, hospitals, laboratories and diagnostic chains. Management highlighted that India's molecular diagnostics market size is estimated at approximately INR500–600 crore, where the company holds around 15% market share, representing a significant footprint in a niche healthcare segment. The company has over 120 PCR assays commercially available, including infectious disease panels, oncology applications, genetic disorders and AMR solutions. Its competitive advantage lies in multiplex panels such as respiratory panels and meningitis panels, where competition remains relatively limited compared with commoditized single-analyte tests such as tuberculosis, HBV and HCV assays.

4. Molecular Diagnostics Growth Drivers: Domestic Expansion, Export Growth and Healthcare Adoption

The company's medium-term growth outlook remains supported by increasing penetration of molecular testing in India and expanding international markets. Management expects domestic molecular diagnostics growth to normalize around 15% annually without seasonal benefits, while international business is expected to grow faster at around 20–25%, resulting in overall consolidated growth guidance of 15–20% for FY27. Growth initiatives include deeper penetration in government and private laboratories, expansion of distribution networks, institutional supply programs and long-term reagent rental models to improve customer retention. Exports from 3B India increased to INR21.4 crore in FY26 from INR17.03 crore, including supplies to TRUPCR Europe, demonstrating improving global traction.

5. Coris BioConcept Acquisition: Strategic Expansion into AMR Diagnostics and European Markets

The acquisition of Belgium-based Coris BioConcept represents a strategic transformation opportunity by expanding 3B BlackBio's global diagnostic footprint, particularly in antimicrobial resistance (AMR) diagnostics and rapid testing solutions. Coris operates in infectious disease diagnostics, AMR solutions and rapid diagnostic products. Management highlighted that AMR is a high-growth segment, with AMR contributing approximately 69% of Coris sales excluding HAT-related government orders, while AMR revenue grew approximately 30% during FY26. The company is focusing on strengthening Coris through regulatory approvals, product expansion and global distribution. The Belgium Government HAT order provides revenue visibility, although management clarified that FY26 profitability benefited from consolidation of the profitable period after acquisition and normalized profitability should be evaluated over a full-year cycle.

6. Future Growth Opportunities: US FDA Approval, IVDR Transition and Sample-to-Answer Platform

The largest medium-term growth opportunity remains the expansion of Coris products into developed markets, particularly the US. The company is pursuing US FDA approval for its RESIST-5 / Carba5 AMR diagnostic product, which contributes approximately 30–35% of Coris revenue. Management believes FDA approval could unlock access to the US rapid AMR diagnostics market and expects the US business opportunity to eventually contribute around EUR1–1.5 million (approximately INR11–16 crore) in revenue. The company is also progressing on IVDR certification for European markets, having appointed BSI as the notified body and completed IVDR-aligned quality audits. Successful IVDR transition is expected to create a regulatory barrier and strengthen competitive positioning against smaller players. Additionally, the company is developing a sample-to-answer diagnostic platform through an OEM strategy, with validation underway and commercial installations expected from Q3/Q4 FY27.

7. Capex, Capacity Utilization and Operating Leverage Potential

The company follows an asset-light expansion strategy with limited incremental capex requirements due to available manufacturing capacity. Current capacity utilization is around 50%, providing sufficient headroom to support future demand growth without significant capital expenditure. Management indicated that incremental capacity expansion, if required, would require only around INR4–5 crore of investment. This provides potential operating leverage as revenue scales, particularly from exports, Coris integration and higher utilization of existing infrastructure. The company's high-margin India molecular diagnostics business, supported by premium panels and niche applications, remains the key profitability driver, while improving Coris profitability could provide additional margin expansion over the next few years. Management expects consolidated EBITDA growth broadly in line with revenue growth of 15–20% in FY27.

8. Balance Sheet Strength, Cash Deployment and M&A Strategy

The company maintains a strong balance sheet with substantial liquidity, providing flexibility for acquisitions and strategic expansion. Management indicated cash and investments of approximately INR230–250 crore, including fixed deposits, treasury bonds, AAA-rated corporate bonds and limited equity mutual fund exposure. The company has adopted a disciplined M&A approach and is actively evaluating opportunities in diagnostics, molecular biology, genetics and adjacent healthcare technology segments. Management has appointed consultants across Europe, UK and the US to identify acquisition targets. The acquisition strategy focuses on companies with minimum revenue scale of around EUR2 million operating in growing sectors, with preference for turnaround opportunities where valuation discipline can be maintained. Management highlighted that current market valuations remain challenging, with sellers seeking high multiples, but expects potential opportunities within the year.

9. Risks and Short-Term Headwinds: Seasonality, Competition and Integration Challenges

Near-term risks include quarterly volatility due to seasonality in diagnostic demand, particularly flu, dengue and chikungunya-related testing, which created an unusually high base in FY25. Management highlighted that FY26 growth was impacted by the absence of exceptional seasonal demand and geopolitical disruptions affecting certain export markets. Coris integration remains a key execution area, as Q1/Q2 FY27 may witness weaker profitability due to loss-making quarters being fully consolidated, while HAT order timing may create quarterly fluctuations. Competition in certain low-priced diagnostic assays, particularly from Chinese manufacturers in Coris' infectious disease segment, remains a challenge. Additionally, US FDA approval timelines remain uncertain despite management confidence and successful execution of regulatory approvals, exports and acquisitions will be critical for sustaining the long-term growth trajectory.

10. Investment Conclusion

3B BlackBio Dx presents a compelling medium-term opportunity due to its leadership position in molecular diagnostics, strong balance sheet, improving export mix, Coris acquisition synergy, AMR growth opportunity and potential operating leverage from existing capacity. With management guiding for 15–20% revenue and EBITDA growth, combined with long-term opportunities from IVDR, US FDA expansion, sample-to-answer diagnostics and international markets, the company offers attractive growth visibility over the next 6–9 months and beyond.

Happy Investing!

Thank you and best regards,

On behalf of Bajaj Capital's Research Team