

Date: 27<sup>th</sup> December, 2023

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| To,<br><b>BSE Limited ("BSE"),</b><br>Corporate Relationship Department,<br>2 <sup>nd</sup> Floor, New Trading Ring,<br>P.J. Towers, Dalal Street,<br>Mumbai – 400 001 | To,<br><b>National Stock Exchange of India Limited ("NSE")</b><br>"Exchange Plaza", 5 <sup>th</sup> Floor,<br>Plot No. C/1, G Block,<br>Bandra-Kurla Complex, Bandra (East),<br>Mumbai – 400 051 |
| <b>BSE Scrip code: 543399</b>  | <b>NSE Symbol: TARSONS</b>   |

**Subject: Intimation under Regulation 30 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 – Transcripts of Conference Call on Acquisition Update**

Dear Sir/Madam,

With reference to the captioned subject and in continuation to our intimation dated 22<sup>nd</sup> December, 2023, please find enclosed herewith the transcripts of the Investor Conference Call held on Friday, 22<sup>nd</sup> December, 2023 on Acquisition Update.

The transcripts of the said conference call will also be uploaded on the Company's website at [www.tarsons.com](http://www.tarsons.com).

This is for your information and record.

Thanking you,

**Yours Faithfully,****For Tarsons Products Limited**

**Santosh Kumar Agarwal**  
**Company Secretary & Chief Financial Officer**  
**ICSI Membership No. 44836**

*Encl: As above*



# “Tarsons Products Limited Acquisition Update Conference Call”

**December 22, 2023**

Disclaimer: E&OE - This transcript is edited for factual errors. In case of discrepancy, the audio recordings uploaded on the stock exchange on 22<sup>nd</sup> December 2023 will prevail.



**MANAGEMENT: MR. ROHAN SEHGAL – WHOLE TIME DIRECTOR,  
TARSONS PRODUCTS LIMITED  
MR. SANTOSH AGARWAL – CHIEF FINANCIAL  
OFFICER & COMPLIANCE OFFICER, TARSONS  
PRODUCTS LIMITED**

**Moderator:** Ladies and Gentlemen, Good day and welcome to the Tarsons Products Limited Acquisition Update Call.

This call may contain forward-looking statements about the Company which are based on the beliefs, opinions and expectations of the Company as on date of this call. These statements are not the guarantees of future performance and involve risks and uncertainties that are difficult to predict.

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 this conference, please signal the operator by pressing ‘\*’ and then ‘0’ on your touchtone phone. Please note that this conference is being recorded.

I now hand the conference over to Mr. Rohan Sehgal – Whole Time Director. Thank you and over to you, sir.

**Rohan Sehgal:** Good afternoon and a very warm welcome to everyone present on the Acquisition Call for Tarsons Products Limited.

Along with me I have Santosh Agarwal – CFO and Compliance Officer for Tarsons and SGA – the Investor Relation Advisor.

The global plastic labware market is estimated at approximately 15,000 crores and we have not even scratched the surface of it yet.

Tarsons has proudly positioned itself as a leader in the plastic labware product line within the Indian market serving the dynamic life science industry. While our success in India has been noteworthy, we acknowledge that the global market represents a very vast landscape. In view to enhance our focus on the overseas markets and to tap the enormous opportunities that lies through an inorganic channel we were evaluating a few potential acquisitions.

We are happy to announce that we have successfully completed the acquisition of Nerbe, Hamburg based Company specializing in plastic labware products. This acquisition is in line with our strategy to expand our reach in the global market through channel partners to make deeper inroads in those geographies given the significant market size.

Nerbe serves us as a gateway for expanding our footprint in Europe in terms of geographical expansion and also in terms of expansion of our product reach and we are optimistic of the long-term growth opportunities through this acquisition.

Let me give you some information about the Company Nerbe:

This Company is headquartered in Hamburg, specializing in labware as well as certain testing and medical products with a sales footprint in Germany as well as some other countries in

Europe. Nerbe offers a comprehensive line of products, including pipette tips, petri dishes, screw cap containers, swabs, tubes and source these products globally.

It is a 4-decade old entity in the business of developing and distributing plastic labware and it's run by a family based out of Germany. Nerbe has served well spread-out product portfolio as well as a client base. We are happy to address that Philipp Nerbe – CEO of Nerbe along with the management will continue to run the business and the operations will continue in just the way it was.

Our main goal is to grow the Nerbe business in the European markets with its vast experience, extensive reach and large basket of product portfolio. As we now move forward, we remain steadfast in our commitment to excellence, and we look forward to the exciting opportunities and challenges that lie ahead in this new chapter of growth and expansion for Tarsons.

The acquisition of Nerbe represents a pivotal movement in Tarsons' journey opening up of new era of horizons for growth and reinforcing our commitment to being a leading force in the global labware market.

Let me now give you some details on the deal structure as well as how it's funded:

Through our wholly owned subsidiary in Singapore, Tarsons Life Science PTE Limited, we have secured the complete 100% shareholding of Nerbe. The estimated equity value of Nerbe ranges between €10 million and €15 million with adjustments possible at the time of closing.

I would also like to highlight that in alignment with the current slowdown in the life science industry, Nerbe has experienced a decline in revenues in this current 2023 fiscal year. Despite this, it possesses the immense capability to generate revenues going forward as we integrate it with Tarsons.

We have funded this acquisition through internal accruals. The completion of this transaction is contingent upon fulfilling customary conditions precedent as outlined in the share purchase agreement and is anticipated to be finalized by January 2024.

With this I open the floor for the questions and answers. Please note that this call is for the acquisition update for Nerbe, and we would like to restrict the questions pertaining to this acquisition only. Thank you.

**Moderator:** Thank you very much. We will now begin the question-and-answer session. The first question is from the line of Jaiveer Shekhawat from Ambit Capital. Please go ahead.

**Jaiveer Shekhawat:** Firstly, Rohan could you elaborate on how you identify this opportunity and if you're looking for more such opportunities in the pipeline?

**Rohan Sehgal:** Yes, we continuously look out for opportunities which will help us open up our business in the international markets. I think primarily our focus is to look at companies which would help us grow our global footprint as probably 98% of the business comes outside the country and we have a very established presence through our brand in the country. So, we the promoters as well as the management through conducting business over the last various years have a fair idea about the companies operating in different geographies and we follow the process of having a consultant in place and approaching companies which would be interested in such collaborations.

**Jaiveer Shekhawat:** And just to understand the business of the target entity is better, could you specify whether they are solely a distributor, or do they do any contract manufacturing for large players or do they also sell their products under their own brand as well just more clarity on that?

**Rohan Sehgal:** They sell the products in their own brand completely on their own brand, they act as a brand and they in fact outsource a lot of manufacturing. So, they are involved in the development of their product brands to their specifications, to their customization and to their needs. So, they do have a lot of contract manufacturers available in Europe as well as globally for their brand.

**Jaiveer Shekhawat:** So, would your strategy be to enforce majority of their supplies then from Panchla facility and then supply to the entity and how soon would you be able to sort of reach the kind of revenues that they have already done, let's say in CY22 for example?

**Rohan Sehgal:** So, at this point it's too early to say that about the revenues as well as about the strategy in sourcing. I think they have a well-established network at this point of time with strong partners both on the supplier as well as the customer level.

So, the Company run status quo at this point of time with its entire team and the former promoter continuing as Managing Director and we allow him to lead the Company while our main focus would be to widen the geography because Europe is huge continent with about (+40) odd countries and Nerbe is very strong in selected countries which are the major ones like Germany and some neighboring countries.

So, we would try to widen their product line because it starts with the wide product line compared to what they offer as well as widening our geographical reach. So, our immediate goal would be to assist them in scaling up their operations with what we can at Tarsons rather than making changes and we will set out the meeting in long term strategy as we move ahead in this deal.

**Jaiveer Shekhawat:** And in your opening remarks you mentioned that there has been further decline in revenue during CY23. So, one, what would be your expectation say for this year I mean possibly you might have already done seen the first half numbers as well, so what's the kind of decline that you've seen in revenues and then secondly even in terms of margin, given the margins also are quite inferior versus what you make at Tarsons, so how do you see that gap sort of getting bridged over the period of time, what's your strategy there?

- Rohan Sehgal:** At this point of time we just signed the deal we not even closed it. So, we haven't had the opportunity to go deeper into detail on these things, but I think the COVID numbers for 2020-21 have been very unrealistic not so much for us as a Company, Tarsons, we still were able to maintain numbers, but most companies have seen significant amounts of drop in their revenue and Nerbe is no different to that because there were a lot of opportunities available in the European market which they capitalize too and such opportunities don't exist today and our goal of buying Nerbe was not looking at the '21-22 or the current numbers, but the strategic proposition what Nerbe brings on the table for Tarsons. It gives us an opening into the very large European market, the second largest market in the world after the America's and this gives us a very, very strong opportunity to be able to scale up Tarsons and scale up our presence and truncation into this huge geography that's the primary goal of this transaction and we stick to that.
- Jaiveer Shekhawat:** And just to better understand by when do you expect to sort of scale up the sourcing part of it or would you want to run the entity as is for the next one to two years?
- Rohan Sehgal:** I think the whole idea is that the promoter or the owner has known well to me for a long period of time, but apart from that the Company has 45 people, 50 odd people and Germany being the kind of country it is, I think it's better that we should understand the culture, know the people it's our first acquisition let the promoter run it the way the Company has been run and first be able to understand what it is. As I said, sourcing could be an important thing for us, but it's not the first thing what we're looking at. We're first looking to see how we can use the Nerbe brand to be able to scale up what they don't have through Tarsons as well as scale in terms of geographically as well as product line.
- So, we'll try and see what Nerbe can, what products can be added to Nerbe what we don't have and well as scale up the geographies and then if any opportunities come up after that in the future, we own the Company we will see whatever best decision is at that time.
- Santosh Agarwal:** And just to add what Rohan said our idea is not to disturb the supply chain operation. Our idea is to support them and to help them and act as a shareholder and to give him freehand the Managing Director to run the Company.
- Moderator:** Thank you. The next question is from the line of Abdulkader Puranwala from ICICI Securities. Please go ahead.
- Abdulkader Puranwala:** So, first question is on the selection of this particular target, so sir I mean could you try to help us understand the kind of market opportunity which Germany or the nearby country is offered to you and for the product set what you are already into through this acquisition?
- Rohan Sehgal:** So, I think that was very clear was that we were looking for something in Europe because we targeted Europe to build and grow our presence. I think it's a major economy where a very small

percentage of our international revenue comes out of and we see a larger runway of growth out there and when we look at Europe I think Germany, France, UK are three major countries.

So, looking for a brand or a Company within this territory would probably propel our growth the fastest as well as give us a better platform as compared to some of the other smaller countries in Europe. So, the rationale behind the acquisition was to find a Company like Nerbe I think such companies are very far and few which come as a good fit where we can be able to build and grow on that without much tweaking and changes. So, that was the primary rationale behind this acquisition.

**Abdulkader Puranwala:** In terms of their entire team so as what you mentioned that the previous promoter would be running this business even after you guys acquiring, but in terms of the team how big is the team and what all geographies are they currently covering apart from presence in Germany?

**Rohan Sehgal:** So, we are present in about 25 - 30 countries outside Germany, but I think there's a lot of work and a lot of runways for growth in those countries. They're very, very strong in and around Europe that's their forte and that's always been their forte and concentration, very similar Company to Tarsons like how we've always been very focused on domestic country with also export. I think similarly for them I think there are approximately about give or take 45 to , 50 people along the management team.

**Abdulkader Puranwala:** And last one from my end so this acquisition price what you mentioned approximately 10 million to 15 million so that seems to be a wider range. So, I mean you enter a deal, but the prices are not yet fixed. So, what are the adjustments here, I mean is it related to the working capital?

**Rohan Sehgal:** No, there are adjustments related to closing numbers which are working capital and other related things as well as there are certain criteria for growth over the next one year which would propel them to receive some sort of an earnout so that is in the range.

**Moderator:** Thank you. The next question is from the line of Aman Agrawal from Carnelian Capital. Please go ahead.

**Aman Agrawal:** Just letting the idea on the direction like from 2022 numbers are the '23 numbers more or less similar because looking at '22 numbers the acquisition is at almost two to three times EBITDA, so trying to understand why the Company basically sold and if they're continuing as the management like why such low valuations?

**Rohan Sehgal:** No, I think it's not reasonable. We have not closed the deal at two to three times of EBITDA and that means on FY22 numbers the deal is purely strategic in nature and based on projected '23 numbers, which are yet to be finalized and audited, I think what I can say at this point of time is that we've been able to close the deal as per market standard. It's neither an expensive deal nor a cheap deal. It's a very, very premium and hard to find Company and we paid the right

price for it what this Company deserves, and it's as per market standard similar to the last deal or last two year what you've seen in this space in India.

**Aman Agrawal:** Second thing sir on the product overlap like how much product overlap we would have with this Company like any idea on that thing?

**Rohan Sehgal:** So, I think we will start looking at opportunities now, but more or less they are into the business of plastic as well some testing and medical products like swabs, something which we don't do, but in the plastic labware side we are already present so the overlap is on the plastic labware side, not so much on the swab or the medical side. So, that's an the overlap, but as I said earlier to Jaiveer and as I've been saying the whole idea at this point of time is not to look at the small picture of being able to source for Nerbe, but the larger picture which is to be able to expand Nerbe across the European geography as well as being able to expand their product line by using Tarsons manufacturing progress that's the whole idea.

**Aman Agrawal:** The third question was on the R&D center so like we have also acquired the R&D Company like so how many scientists we have there and like which products are they engaged in and like do we see a synergy of basically using our own R&D and not having R&D in Europe which would be costly of course?

**Santosh Agarwal:** Aman there is no R&D what is the name you can see the R&D name is here, but there is no R&D as such in this Company it's like more a distributor. They are not doing any kind of manufacturing kind of things, there is no R&D as such.

**Rohan Sehgal:** They have a team of one or two people who are involved in the development with suppliers and the product line as per their customization, but these are standard developments and not actually research and development. So, they are not innovating something which is new, which is never been there in the world, but they are innovating commoditized products which are present in the world with their own needs.

**Aman Agrawal:** Final question from my side. We are getting into two, three product categories recently PCR, PETG, and Cell Culture so like do we have any synergy with this Company on that side like do they have similar products, can we get some sense?

**Rohan Sehgal:** They don't have PETG and Cell Culture as you rightfully addressed, but they have PCR.

**Aman Agrawal:** So, we can see some synergy on that side maybe in future?

**Rohan Sehgal:** So, the Tarsons' portfolio has been larger than the Nerbe portfolio and Nerbe has done very well to build a lot of trust and a lot of customer retention especially in Germany and surrounding areas and we look to build on that and use our capabilities to help further strengthen and grow that in Europe.

- Moderator:** Thank you. We have the next question from the line of Udit Bokaria from Catamaran. Please go ahead.
- Udit Bokaria:** Wanted to understand if you can talk a little bit about as you mentioned after acquiring this Company, you will help them grow much faster, right? So, historically, what has been the reason why the Company was not able to expand to other countries outside Germany or on board more number of clients and the second question is if you can talk a little bit about their current customer profile like is it primarily big pharma, is primarily institutes, research institutes, if you can just share some color like what is their current strength while and what kind of customers are they serving?
- Rohan Sehgal:** They present their products to labware markets just like how we do as a Company. So, it's a mix of customers and we are not focused on one particular customer group or range, it's spread out and I think that's a question which mainly something which I may not be in the right place to answer, but it's a lengthy business family business which was started by Mr. Phillips' father, who spent the majority of the time running the business and I think Philip took over the business some years ago, maybe 7 - 8 years ago. I think it was their ability, their vision as well as their willingness to scale up beyond a certain region. I think they wanted to be more Europe focused only particular for few countries and not go beyond that. COVID presented them a large opportunity hence their revenue just bumped up significantly, but apart from that, they've been a very niche solid brand providing great products and great service and that's what they're known for and they focused on that throughout their 40 year old history.
- Udit Bokaria:** Or if you can share some of the big pharma names whom they currently work with and what is their percentage contribution, just want to get a color?
- Rohan Sehgal:** It's just a business strategy I can't do that.
- Udit Bokaria:** And how many sales team people how big is their sales team people?
- Udit Bokaria:** 10 to 15 people.
- Moderator:** Thank you. The next question is from the line of CA Garvit Goyal from Nvest Analytics. Please go ahead.
- CA Garvit Goyal:** Sir, my question is that you mentioned using Tarsons Product you people are going to improve their efficiency. So, are we open to share our tech know-how with them like as far as I remember in past, we have been a little bit reluctant in doing so?
- Rohan Sehgal:** So, there's no technology which we need to share. It is going to be more on customer sharing, geography growing the product line where we have the technology, we have the manufacturing prowess as I said earlier. So, the whole idea is about upping the supply chain, providing more products, providing wider geographies, there is no question out here of technology or technology transfer.

**CA Garvit Goyal:** So, right now our strategy is to means like you mentioned their product portfolio is quite less as compared to our product portfolio. So, are you looking to capitalize on their distribution network and deploy our products in the distribution network? Is that understanding correct?

**Rohan Sehgal:** See at this point of time, but we don't know whether it would be our product line in terms of our brand or that would go through their brand, but your understanding is broadly correct that we would use their reach and network in Europe to expand that reach and network as well as expand through our larger product portfolio as well.

**CA Garvit Goyal:** And sir like you mentioned we are also open to inorganic opportunities as well like maybe some in the pipeline as well. My question is on the margin side like if you see EBITDA margin of the acquired entity, so these are low as compared to our own margin. So, what is the minimum margins you people look for in the acquired entity?

**Rohan Sehgal:** We don't look at margins in the acquired entity as long as the business is sustainable and having said that, we are not in the business of buying loss making companies or companies that could make margin and trying to turn it around, but we saw this as a right fit and right strategy to be able to expand our presence in the European market that was the primary goal. The margins were not as high as ours, but that was something which we once we enter into the Company now after closing, we'll try and see if we can add synergies, if we can add certain cost advantages to help improve that, but the idea of buying businesses is not their EBITDA margin or their profitability. It has to be profitable, that's about it, but the idea is to be able to grow our scope and grow Tarsons scope in those markets which that acquired entity presents that's the whole idea.

**CA Garvit Goyal:** And sir you mentioned the Company is suffering obviously the numbers are also indicating the same as due to headwinds in the life science industry. So, what is the near-term outlook over there?

**Rohan Sehgal:** Can repeat your question please.

**CA Garvit Goyal:** I was asking for the outlook in life science industry?

**Rohan Sehgal:** Sorry what outlook sorry if you could just repeat your question.

**CA Garvit Goyal:** I was asking like the numbers are indicating the Company is suffering from headwinds in the Lifescience industry because that's why their margins are falling over the years, so I was asking for the long-term outlook in that industry?

**Rohan Sehgal:** So, at this point we can't say that because the numbers of 2023 are under review they have not even closed the year and then it's not audited at this point of time. So, it's difficult for me to answer at this point of time, but the numbers of '21 and '22 are not sustainable, and these were all one time if it was driven by testing products more than laboratory products, large volume testing products like swabs, which are used in COVID testing and so on. So, the '21-22 numbers are not realistic numbers, and those EBITDA multiples which the lot of people in the market are

assuming that we have bought in, definitely not anywhere there. We bought it at the right price as per industry standards.

**Santosh Agarwal:** And just to add we have not bought this Company on the basis of EBITDA multiple only. We have taken a strategic call how to do the synergies. So, this is this is not a business where we only given emphasis on your EBITDA multiple, there are a lot of other factors are there which we considered to take this call.

**Moderator:** Thank you. The next question is from the line of Harsh from Marcellus. Please go ahead.

**Harsh:** Just wanted to check who will be looking after the acquisition from Tarsons' side like have you recruited someone specifically for this purpose?

**Rohan Sehgal:** No, it would be from the internal team only.

**Harsh:** And you mentioned something about the deal value being a bit different on the basis of how the one-year performance will be, can you elaborate on that?

**Rohan Sehgal:** So, at this point I cannot because the numbers of '23 are not opening it is unaudited and not closed fully, but there's a significant growth from '23 earnings to the '24 earnings and if that is achieved as a payout.

**Harsh:** Okay so there's a milestone-based payment, right?

**Rohan Sehgal:** Absolutely yes.

**Harsh:** And that that will only be there for CY24, or it will be there for much longer period of that?

**Rohan Sehgal:** Only 24.

**Moderator:** Thank you. Ladies and gentlemen, due to time constraints, that will be our last question, I now hand the conference over to Mr. Rohan Sehgal for closing comments. Over to you, Sir.

**Rohan Sehgal:** I take this opportunity to thank everyone for joining the call. We will keep updating the investor community on a regular basis for incremental updates on your Company. I hope we have been able to address all your queries. For any further information, kindly get in touch with us or SGA, our Investor Relation Advisors. Thank you once again.

**Moderator:** Thank you. On behalf of Tarsons Products Limited, that concludes this conference. Thank you all for joining us. You may now disconnect your lines.