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Vimta
Driven by Quality. Inspired by Science.

VLL\SE\055\2026-27
Date: 04.11.2026

BSE Limited, P J Towers, Dalal Street, Mumbai - 400001. Scrip Code : 524394	National Stock Exchange of India Limited, "Exchange Plaza", Bandra, Kurla Complex, Bandra (E), Mumbai – 400051. Trading Symbol: VIMTALABS

Dear Sir/Madam,

Sub: Transcript of the FY/Q2-2026-27 Earnings/Investor Call held on 30th October 2026.
Ref: Regulation 30 of the SEBI (LODR) Regulations, 2015.

Please find enclosed herewith the transcript of "**Q2 FY '27 Earnings Conference Call**" held on Friday, 30th October 2026.

Further, pursuant to Regulation 46 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, the aforesaid information is also available on the website of the Company i.e., https://vimta.com/investors/investor-earnings-call/

This is for your information and records.

Thanking you,

For VIMTA LABS LIMITED

SUJANI VASIREDDI
Digitally signed by SUJANI VASIREDDI
Date: 2026.11.04 15:07:26 +05'30'

VIMTA LABS LIMITED
HYDERABAD-51

Sujani Vasireddi
Company Secretary & Compliance Officer

Encl: as above.

"Vimta Labs Limited

Q2 FY27 Earnings Conference Call"

October 30, 2026

MANAGEMENT: **MS. HARITA VASIREDDI – MANAGING DIRECTOR**

MR. SATYA SREENIVAS NEERUKONDA – EXECUTIVE DIRECTOR

MR. SIVA RAMA KRISHNA KAMBHAMPATI – CHIEF FINANCIAL OFFICER

MS. SUJANI VASIREDDI – COMPANY SECRETARY

MODERATOR: **MR. VISHAL MANCHANDA – SYSTEMATIX INSTITUTIONAL EQUITIES**

Moderator: Ladies and gentlemen, good day and welcome to Vimta Labs Limited Q2 FY27 Investor Earnings Conference Call hosted by Systematix Institutional Equities. 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 your touchtone phone. Please note that this conference is now being recorded. I now hand the conference over to Mr. Vishal Manchanda from Systematix Institutional Equities. Thank you, and over to you, sir.

Vishal Manchanda: Thanks, Anam. On behalf of Systematix Institutional Equities, I welcome you to the Q2 FY '27 Earnings Call of Vimta Labs. We thank the Vimta Labs management for giving us an opportunity to host the call. Today, we have with us the senior management of the company represented by Ms. Harita Vasireddi, Managing Director; Mr. Satya Sreenivas Neerukonda, Executive Director; Mr. Siva Rama Krishna, Chief Financial Officer and Ms. Sujani Vasireddi, Company Secretary. I'll now hand over the call to the company management for opening remarks.

Siva Rama Krishna: Thank you, Vishal. Good afternoon, everyone, and a warm welcome to our Q2 and first half '27 earnings call of Vimta Labs Limited. Please note that the investor presentation and the financial results are available on the company's website and the stock exchanges. Also, anything that is said on this call, which reflects our outlook for the future or which could be construed as a forward-looking statement must be reviewed in conjunction with the risks that the company faces.

This conference call is being recorded and the transcript, along with the audio of the same will be made available on the website of the company as well as on the stock exchanges. Please also note that audio of the conference call is the copyright material of Vimta Labs Limited and cannot be copied, rebroadcasted or attributed in the press or media without specific and written consent of the company.

From the management, we have with us Ms. Harita Vasireddi, Managing Director; Mr. Satya Sreenivas Neerukonda, Executive Director; Mr. Siva Rama Krishna Kambhampati, Chief Financial Officer, that is myself and Ms. Sujani Vasireddi, Company Secretary. Now I would request Ms. Harita Vasireddi, Managing Director of Vimta Labs Limited to provide you with the update for the quarter and half year ended 30th September '26. Thank you, and over to you, ma'am.

Harita Vasireddi: Thank you, Siva. Good afternoon, and once again, welcome to our Q2 earnings call. I would like to begin with our business performance and the opportunities we see ahead, following which I will hand it back to our CFO, who will take you through the financial results. I'm pleased to share that we delivered an improved year-on-year performance during the quarter with our revenue growing by approximately 10% year-on-year in Q2, with margins improving by around 10.5% over the same period.

On a sequential basis, revenue was broadly stable compared with Q1. And this time, it's a reflection of longer customer decision-making cycles. Our focus for the next phase is to translate the strong base we have built into stronger revenue momentum while sustaining profitability. In

the pharmaceutical space, in particular, engagement with customers remains strongly active despite the longer decision cycles.

We remain encouraged by the growth in inquiries and our proposals during the quarter, and our pipeline of active opportunities is promising. We are focused on converting these discussions into business. The broader pharmaceutical market remains constructive with pharmaceutical exports reaching a record $31 billion in FY '26 and growing at almost 7% in the first quarter of this year.

Global CRO demand also remains resilient, supported by R&D outsourcing and the growing complexity of drug development. India continues to strengthen its position as a preferred global research and testing destination, backed by scientific talent and cost competitiveness. This provides a supportive backdrop for our pharmaceutical services over the medium term.

Analytical pharmaceutical services, preclinical and clinical research services remain attractive, supported by growing generic pipelines and patent expiries. Rising regulatory scrutiny and data integrity requirements are increasing the importance of high-quality compliant testing capabilities. Hence, these businesses are central to our growth, supported by our scientific capabilities and the breadth of services we offer.

A key milestone during Q2 was the commencement of revenue generation from our biologics services. This marks our move from established capabilities to commercial delivery. While the business is at a very early stage and its revenue contribution is currently very modest, we are in active discussions with prospective customers.

Our immediate focus is on progressing these opportunities and building a strong commercial foundation. We see biologics as an important avenue to broaden our pharmaceutical services portfolio and support growth over time. Across drug development more broadly, technology adoption in areas such as artificial intelligence, biosimulation and advanced preclinical models is steadily transforming workflows.

Creating opportunities for research partners with strong scientific and testing capabilities. In food testing, export and import testing has begun improving from the levels seen in the previous quarter. While the broader food export market is growing at a more measured pace, we are strengthening our focus on domestic opportunities to broaden our customer base and we are well placed to benefit as export-import sample flows recover in the near future.

Our electronics testing business remained stable during the quarter with business continuing from existing customers, including the defense OEM manufacturers. The industry outlook is encouraging. Electronics exports are up about 39% this fiscal year. Domestic component manufacturing continues to deepen.

The defense budget has increased with a clear emphasis on domestic procurement and electric vehicle registrations are growing at nearly 90%. These trends are expanding the need for EMI/EMC reliability and certification testing. As shared on our earlier calls, we have expanded our Hyderabad capacity to position the business to capture these opportunities.

Looking ahead, we expect improvement in CRADS, which is Contract Research and Development Services for large molecules and clinical research during Q3 and Q4. This is supported by a healthy pipeline of active customer discussions on proposals. The pace of improvement will depend on the conversion of these discussions into executable projects, which remains our key operational priority.

Our priorities are clear. We must strengthen growth in our established businesses, build the commercial contribution from biologics and translate customer engagement into revenue. The improvement in preclinical and clinical services, the initial revenue from biologics and the recovery in export import linked food samples gives us a solid base to build upon.

The broader growth in pharmaceutical exports, electronics manufacturing, defense localization and electric mobility reinforces the long-term opportunities across our portfolio. While regulatory complexity, talent availability and competitive intensity require continued focus, the industry's long-term fundamentals remain favorable.

We are confident in the capabilities we have built and their potential to deliver sustainable growth, and we will continue to keep you transparently informed of our progress. Thank you for your continued interest and support. I will now hand over to our CFO to discuss the financial performance, following which we will be happy to take your questions. Thank you.

Siva Rama Krishna: Thank you, ma'am. Again, a very good afternoon, everyone. Thank you for joining the Q2 and H1 FY '27 earnings call. I will begin by presenting an overview of our financial performance for the quarter and half year ended September 30, 2026. Following that, we'll be taking questions.

I'll start with the financial highlights for the quarter. Total income for Q2 FY '27 stood at INR1,149 million as compared to INR1,045 million in Q2 FY '26, up by 9.9% year-on-year. EBITDA stood at INR408 million in Q2 FY '27 as compared to INR369 million in Q2 FY '26, up by 10.5% year-on-year. EBITDA margin for the quarter stood at 35.5%.

Profit after tax in Q2 FY '27 stood at INR206 million as compared to INR199 million in Q2 FY '26, a growth of 3.5% year-on-year. PAT margins for the quarter stood at 17.9%. For the half year, total income for H1 FY '27 stood at INR2,278 million as compared to INR2,038 million in H1 FY '26, up 11.8% year-on-year. EBITDA stood at INR819 million in H1 FY '27 as compared to INR723 million in H1 FY '26, up by 13.2% year-on-year.

EBITDA margin for the half year stood at 36%. PAT in H1 FY '27 stood at INR417 million as compared to INR388 million in H1 FY '26, a growth of 7.3% year-on-year. PAT margin stood at 18.3%. Coming to balance sheet. We continue to have a net debt-free balance sheet with cash and cash equivalents of INR701 million.

As stated in our last conference call, we have budgeted approximately INR80 crores for capex for FY '27, which includes a maintenance capex of around INR45 crores to INR50 crores. The remaining investments will primarily focus on strengthening our analytical capabilities and expanding self-service offerings. However, I'd like to emphasize that our capital allocation philosophy remains highly disciplined. Planned investments will be phased based on business

visibility, customer demand and budget level requirements. With that, we can now open the floor for Q&A. Thank you.

Moderator: The first question comes from the line of Aditya Chheda from InCred Asset Management.

Aditya Chheda: So the question is on growth. The revenue growth is down to 10% in Q2 versus 20% in '26 after a record capex of INR100 crores last year. So if you can throw some outlook on the utilization of the new capacity and what revenues it will support at maturity? And if you have any outlook on the revenue growth? And the second question is on the gross margins and other expenses, whether there was any reclassification between the two lines? If not, if you can explain what drove the decline in gross margins, whether it is service mix or pricing pressure, etc?

Harita Vasireddi: Regarding the revenue growth, I completely agree with you that it has been more or less stable. But the reasons are more external rather than anything to do with Vimta's ability to deliver growth. We see a certain lull in the R&D pipeline on the pharma side. And this lull is not something that happened just in Q2. So we have been observing this even in Q1.

But we now see signs of recovery. The request for proposals have started picking up in the previous months. And we are optimistic that the rise in the inquiries and the RFPs that we have submitted will be converting to executable projects in the near future. So as such, we don't give out any outlook for the future quarters. But optimistically, the future quarters would be better.

And typically, that is the case as well between H1 and H2, H2 tends to always do better typically. Added to pharma, there is a bit of a headwind on food as well. And we have talked about this in Q1, too. The exports and imports of samples are badly affected. And given the rise in shipment costs, insurance costs, the exporters have been deploying various strategies of shipping.

So where we used to draw maybe 20 to 25 samples from a shipment, we are only now drawing about 2 or 3 samples. So that's the kind of reduction that has happened on the export-related samples. Importer-related food samples also is -- was severely impacted, but we are seeing signs of recovery.

And we are hopeful that this recovery will continue and hopefully come to normal levels in this quarter or latest by Q4. So these are some high-level factors due to which we are observing a little bit of flatness quarter-on-quarter. But this is where the strength of Vimta materializes, the strength of our multiservice portfolio, which is what we are experiencing now because we are diversified. We are able to handle the headwinds coming from some of the directions. Overall, there is still growth, and I'm pretty optimistic that in the future, we will see better results. Coming to the gross margin, you want to take that?

Siva Rama Krishna: Gross margin, there are no reclassifications. The gross margin correction slightly is, as anticipated, we have been discussing in the earlier calls as well because of the additional capacity that we had installed it can have -- our margins can have slight correction. That's one thing. And other thing is there is a slight increase in the material consumption as well. So otherwise, there were no reclassifications in the P&L.

Harita Vasireddi: There was a question on utilization. Sorry, I missed to answer that. Regarding utilization, for us, it is 3-dimensional capacity. The elements are people, equipment and also the laboratory infrastructure. So the INR100-odd crores investment was on the infrastructure. So that infrastructure was built to cater to the company's growth for at least 5 to 7 years.

There are equipment and people, we add as needed to grow the capacities or to update any technologies, we add equipment. So utilization would be pretty good. Otherwise, we wouldn't be adding capacities there. But having said this, we have also invested in some newer capabilities.

Like, for example, our CRADS services for biologics is a newer investment. We have invested about INR25 crores there. And this is a new service. We are, as we speak, in the middle of discussions with some promising customers. And hopefully, those will materialize in the upcoming quarters, but this business will take time for it to become substantial, it might take a couple of years.

Moderator: Thank you. The next question comes from the line of Madhuri Rane from MR Capital.

Madhuri Rane: You mentioned an improvement in the preclinical business. Could you quantify the growth or maybe provide some qualitative updates on the same?

Harita Vasireddi: We don't give out segment numbers for us. So I will not be able to give you the specifics, but preclinical business is one of our largest growth drivers, and that has been growing quite well. Just to give high-level numbers on the growth, the last 4 years, we have been experiencing a CAGR of almost 30% in this business. So it's one of the strongest services for us even now.

Madhuri Rane: Okay. My next question is in the environment testing services, I understand only PPM services are being provided. Do you envisage any other services in this segment going forward?

Harita Vasireddi: No, no. I think we will stick to PPM now. But within PPM itself, we are trying to focus on high-value services where higher technologies are deployed.

Madhuri Rane: Okay. And how is the biologics business going on? Any new order on -- or any new updates that you can share?

Harita Vasireddi: We are already working on the initial order that has been booked. And right now, we are talking with multiple clients, and we hope to onboard at least a couple of them more in this quarter.

Madhuri Rane: Okay. And just one last question. Has the number of samples for NFL improved? And if so, if you could quantify the growth?

Harita Vasireddi: It's definitely better compared to the numbers we saw maybe in April, July. So in those months, we were operating only around maybe 30%, 40% of the normal levels. Now it has picked up. I think there is room for it to still come back to the earlier volumes. But even now we are operating around maybe 70%, 60% to 70%.

Moderator: Thank you. The next question comes from the line of Renga Varshini from Wealthfiled . Please go ahead.

Renga Varshini: Congratulations on the good set of numbers. Could you give us an update on how the biologics segment is progressing with new clients adding up? How much of a revenue contribution can we expect from biologics over the next few quarters? That's my first question, ma'am.

Harita Vasireddi: Biologics, as I have just responded to the earlier person, it will take a couple of years for this to be significant for us. But having said that, there are some very exciting opportunities that we are exploring. And if that materializes, then we should be able to make a good mark on the top line as well through biologics in the first 2 years itself.

Renga Varshini: Understood, ma'am. And in the previous con call, you had mentioned that biologics could be a cross-selling opportunity with your existing clients. Have you seen any traction on that front? Have any of our existing clients started engaging with us for the biologics, ma'am?

Harita Vasireddi: Yes. It's a big cross-selling opportunity, and that's the strategy we are deploying.

Renga Varshini: Understood, ma'am. And on the EBITDA margin side, we have remained broadly in the 35%, 36% range during H1 FY '27. Considering the current cost structure and the operating expenses, do you expect the margins to sustain at these levels going forward? Or do we see some moderation in the coming quarters? That's my question.

Harita Vasireddi: In the coming quarters, we may not see a shift in any significant manner. But medium term, there is a possibility of correction of around 100 to 200 basis points. This is more to do with the service mix rather than input cost because the economies of scale that we will be having as we improve the top line would help us offset other costs like manpower and material. But since our service mix is moving a little more towards biologics, especially in the near future, that could impact the EBITDA.

Moderator: Thank you. The next question comes from the line of Rupesh from Long Equity Partners. Please go ahead.

Rupesh: My first question is we have roughly 1,400 employees. I think the number hasn't moved a lot over the last 2, 3 years. So one question is what kind of employee growth we are factoring in, let's say, this year, next year? That is one. And the second part is out of this 1,400 how many people work into FTE model, sort of, just to give a sense of how is the FTE-led business is doing?

Harita Vasireddi: Actually, the employee numbers not moving up is a very good indicator when the top line is moving. If you correlate both of them, it's a very good indicator that the laboratory is able to operate more productively and efficiently. So our goal is actually to stay at this number. Maybe that will take a couple of years to stabilize. But given the tools, technologies that are now coming in this space, there's opportunity for increasing the efficiency and productivity of the people and processes. So that has been our endeavor, and we work on this continuously. Coming to the FTE numbers out of this 1,400, it's very less. It will be less than 5%.

Rupesh: Okay. So just one corollary to that is then with productivity gains, can we see employee cost going down to, let us say, 25% in next 2 years? Currently in '26, I think it was at 28% with

revenue growth and employee cost. I mean, obviously, there will be some salary hikes, but can we see it going down to 25%, 26%?

Harita Vasireddi: No. What it would do is it would offset that cost increase because the manpower costs are steeply increasing in the industry. So we are doing very good if we are able to offset it, and that's what we are experiencing so far.

Rupesh: Okay. The second question on biologics. So can you give some sense of the average ticket sizes that we could reach once this business gains more customers? Because my understanding is even to develop a biosimilar, the entire budget is sometimes $30 million to $50 million. So it's not a low budget thing like a chemical entity, chemical molecule. So out of that, let's say, $30 million to $50 million, can we get ticket sizes of, let's say, $3 million to $5 million as this business progresses?

Harita Vasireddi: Sreenivas, can I request you to please answer that?

Satya Neerukonda: Yes. Sreenivas here. So ticket sizes, yes, you're right. Budgets are bigger for biologics and biosimilars compared to small molecules, generics. And the ticket sizes range depending on where we associate with the development process, if it is only for yield realization or only for some process improvements, and all the ticket sizes could be anywhere from $100,000 to $150,000, INR100 lakhs to INR125 lakhs in that range. And if you are talking about developing a full biosimilar up to lab scale, then the project sizes could be anywhere from INR4 crores to INR7 crores and upwards.

Rupesh: Okay, I see. I see. Okay. The final question is we have done quite a bit of capex in the last -- I mean, March '24, March '25, March '26, I think it's roughly INR250 crores capex. And then this year is another INR80 crores capex. So that's roughly INR325 crores, INR330 crores of capex, but we have not seen revenue growth in that proportion. I mean, even if assuming 1:1 asset turn, we have not seen that kind of growth. So when can we see that growth? And what do we need to do to drive that growth?

Harita Vasireddi: Here, I think we have to understand the nature of capex that has been put in. About INR100-odd crores is for the building. We were running out of capacities. Post-COVID, we were literally putting our equipment in the corridors. But post-COVID, we started building this project.

It took us 2 years. So now we have space for future expansion. So that INR100-odd crores is an exception, right? Likewise, biologics is a new capability. We have put about INR25 crores there. So that is also exceptional. And these kind of exceptional investments are needed, especially when you're adding newer capabilities to the organization. Otherwise, typically, the company historically tends to spend the depreciation amount of the previous year into the next year. So that is how it is.

Rupesh: Okay. But when will these capacities start contributing meaningfully to the revenues?

Harita Vasireddi: Like I said earlier, these capacities are meant to facilitate growth for the organization for at least 5 to 7 years. So you will see that we may not be requiring to add lab space for our existing services for the next 5 to 7 years. So that will take time to get the return on the building that we

have built. But equipment, typically, when we add equipment year after year, we also look at a 1:1 return ratio.

But when we are putting new capability capex, that will take time because every new capability has an incubation period. So that will take time. Here, we expect a 1:1 to come up maybe for our biologics maybe by the third year. That's our expectation. If we are able to run faster, maybe we'll see that even in the second year.

Moderator: Thank you. The next question comes from the line of Rohan Shah from RS Investment. Please go ahead.

Rohan Shah: Okay. Thanks for the opportunity ma'am. So just wanted to know, do you need any incremental capex to capture expected opportunity in the preclinical and does existing capacity provide sufficient head rooms? And also, does existing biologic facility have sufficient capacity to support the next few years of growth or would meaningful customer conversion require additional investment?

Harita Vasireddi: We envisage that there will be some delta investment that we have to do. I'll first talk about biologics. Biologics, I think the capacity is measured by the reactors that you have. So initially, we have placed a few set of reactors. And if we want to expand the capacity, we would need to add the reactors.

Now in preclinical, in this first half itself, we have hit the capacity constraint with respect to large animal facilities. So that we are expanding as we speak. So this kind of small, small deltas will be there wherever business is growing rapidly, these investments would continue. But again, like I was saying, all this would be part of that depreciation amount that we typically consume. It will not be significantly more than that.

Rohan Shah: Understood, ma'am. Ma'am, if I may ask, like what are currently the biggest constraints to scaling clinical research, customer demand, regulatory approvals, patient recruitment or competitive intensity?

Harita Vasireddi: I'm sorry, I didn't understand what you're saying. What are the constraints?

Rohan Shah: Ma'am, I just wanted to know, like, what are your biggest constraints to scaling clinical research?

Harita Vasireddi: Constraints. I see. Okay. Clinical research, clinical research was a difficult business for us last year. We were operating with a very limited number of customers because our capacity for BA/BE studies is only 180 beds. And as a strategic decision, we have decided that we are not going to increase the number of beds.

So we limited the number of clients that we were serving to cater to this 180 beds. What has happened last year is we have lost some of our major clients due to their own reasons. And that has really put our business in a jeopardy last year, but a lot of hard work has already been done. Now the lesson has been learned, and our business development has put in tremendous amount of work to ensure that now we have contracts with many multiples of customers.

So that recovery has taken us time because in this service, the lead times are anywhere between 12 months to 18 months. So I think we are -- we believe that we are at the funnel end where this conversion will begin to happen in the quarters ahead. So that is where we are with the clinical research.

On the CT side, we started with a bang. We did a very nice big study and after that, there has been a little lull. So that is where we need to put extra efforts, maybe reach out not only in the domestic market, but also on the international market. But since we are a newcomer in this service, this will take a little bit of time to establish ourselves in CT.

Rohan Shah: Understood, ma'am. Also, like, given softer import/export sample flows, what initiatives are being undertaken to increase the domestic contribution to the food testing business?

Harita Vasireddi: Again, here, a lot of hard work has already been put in. We began seeing the slowdown in Q4 of last year itself. So we quickly restrategized our focus. Otherwise, Vimta is known for its high-quality work. So therefore, our addressable market remained mostly in the export segment.

But since export took a very bad hit because of the war situations in the Middle East, we had to quickly change the path and start looking for customers in the domestic market. So a lot of hard work has been put. And in fact, I would say it was -- sometimes the bad also happens for the good. And this period where we focused on the domestic market, we have been able to add some very good clients, and we hope to grow our business with these clients in the future.

Rohan Shah: That's helpful, ma'am. Ma'am, one more last question from my side. The electronic testing remained broadly stable despite strong underlying growth in the electronics manufacturing, defense and EVs. So what is preventing this business from growing faster currently?

Harita Vasireddi: It is growing at a decent pace. Yes, it can do much better, but it's a small component of our business. I mean, even if it grew very rapidly, we will not see its impact on the top line for maybe another couple of years. But as such, we've doubled our capacities, our EMI/EMC chamber capacities have been doubled. And the reason it was doubled because we maxed out on the capacity utilization.

So we keep driving this business. Again, this is like food business. You have to have centers at multiple locations in the country because samples sometimes can be very large and cannot move from one city to the other city. But having said that, the Hyderabad market itself is very big defense OEM, I would say, environment itself is quite nice. And almost 70%, 80% of our capacities are being used by them.

We have a lot of repeat business here. But we must understand that EMI/EMC testing is not done like for pharma or food for every batch and things like that. It's done once during the development cycle and maybe once again when the buyer or purchaser is buying that product from this manufacturer. So the volumes are not like in other businesses.

Rohan Shah: Understood ma’am.

Moderator: Thank you. The next question comes from the line of Renga Varshini from Wealthfield. Please go ahead.

Renga Varshini: Thank you for taking up my follow up question. It is on the ROE and ROCE side. Why has it taken a hit year-on-year?

Siva Rama Krishna: Yes, there has been a slight correction in our ROE and ROCE number, especially if you look at the denominator there. In ROCE, we already have taken some additional debt. So these two things have contributed to a slight correction in the first half.

Renga Varshini: Understood, sir. Thank you.

Moderator: Thank you. The next question comes from the line of Sagar Shah from Financial Research.

Sagar Shah: Congratulations on a decent set of results. I just wanted, I mean, a couple of quarters back, I mean, we had reiterated a guidance of about a turnover of INR700 crores for FY '28 with an EBITDA margin of 35%, 36%. Do you stand by it?

Harita Vasireddi: Yes, medium term, I think we are quite confident. If I may give an analogy for Vimta, it's like a coiled spring now. So there's a lot of potential in this spring. We need the right opportunities for this spring to really jump up because the base is very strong. Our capabilities are quite complementary.

And we have transitioned from being a very transactional partner with our customers to a full service, full scope end-to-end partner with some of our customers. So the potential medium term, we are very confident. It's just that on the pharma side, I was explaining at the beginning of the call, the R&D pipelines are a bit slow. Last year, there was a lot of work that came from the peptides. And right now, I think a lot of filings have happened.

There is a wait and watch on the approvals from the regulator. So I think that is what is causing the R&D pipelines for at least majority of the top pharma companies in India. And added to this, the food situation, you all know. So I feel these are temporary and causing a temporary lull. But once we overcome this, things should come back to the momentum that we plan for ourselves.

Sagar Shah: That's about a 20%, 25% CAGR top line growth?

Harita Vasireddi: Yes.

Sagar Shah: Okay ma'am. Thank you for answering the questions and best of luck.

Moderator: Thank you. The next follow-up question comes from the line of ES PG India. Please go ahead.

Yash: My question is regarding long-term borrowings, right? In H1, there seems to be INR15 crores of new long-term borrowings when we are holding around INR70 crores of cash. Why are we borrowing while there is net cash? Is this some sort of a project-linked loan? Or does it signal to a larger capex plan than I think the guidance was around INR80 crores for the year?

Harita Vasireddi: I think a couple of reasons. One is the interest arbitrage cost of borrowing was found to be less than using up our own money. That was one thing. And also, we wanted to have cash on hand in case some opportunities come for us to quickly spend that amount of money. We thought it was good to keep it that way.

ES: Got it. So the guidance holds currently for the planned capex for FY '27 at INR80 crores?

Harita Vasireddi: Capex because the first 2 quarters were around INR112 crores, INR115 crores. The capex was not utilized as planned. But H2, we think the utilization will be as planned for H2.

Moderator: The next question comes from the line of Vishal Manchanda from Systematix Institutional Equities.

Vishal Manchanda: I have a few questions on the Pharma Analytics business. So can you share the client concentration here? Like what would be the contribution of top 5 clients to the Pharma analytics business?

Harita Vasireddi: Sreenivas, can you take that?

Satya Neerukonda: Sure. I don't have that number, but I know Siva, would you have? Top 5 or top 10 contribution?

Harita Vasireddi: That keeps changing quarter-to-quarter, especially in Analytical, it could range, I don't know, anywhere between 25% to 35%. That generally is the case, sometimes more also depending on the work that we do in that quarter.

Vishal Manchanda: Got it. So most of these clients are kind of signed up on a project basis or they have a long-term relationship that they tie up with you for?

Harita Vasireddi: These are all long-term relations, but the orders are project-wise only.

Vishal Manchanda: Okay. But you kind of continue to have relationship with all your major clients and none of them has dropped out?

Harita Vasireddi: No. Yes. We continue to have strong relations with all our top clients.

Vishal Manchanda: And so do these client relationships grow every year, like you kind of -- every client gives you a larger business every year or that's a volatile number?

Harita Vasireddi: No, that's the endeavor. Key accounts, our goal is to keep increasing the revenue from these key accounts. But it's not always a factor that we can influence because it also depends on their R&D pipelines.

Vishal Manchanda: Okay. And any color as to any specific segment within pharma analytics that's become more important for you lately?

Harita Vasireddi: For us, we believe the future of pharma analytical will be driven by large molecules, be it biosimilars or biologics. Peptides was very strong for us last year. So it may again pick up in the coming quarters. But we believe that future is with large molecules.

Vishal Manchanda: Okay. And is the Biologics business part of the Pharma Analytics business or you would classify it separately?

Harita Vasireddi: The CRADS business is kept aside. It is not clubbed with Analytical.

Vishal Manchanda: Okay. So anything related to Biologics Analytics would be classified in Pharma Analytics and the CRADS business is separate?

Harita Vasireddi: You're right.

Vishal Manchanda: Okay. Would you be kind of -- what would you -- what is the total investment you would have made in the biologics CRADS business so far?

Siva Rama Krishna: So far, we have invested close to INR20 crores into this business.

Vishal Manchanda: Okay. So is there an asset turn you would guide here, like INR20 crores can generate another INR20 crores in top line for you?

Harita Vasireddi: Too early to say that, but that is our goal. We look at a 1:1 return on investment.

Vishal Manchanda: Okay. Okay. So in your presentation slide, you have indicated that 40% of your Pharma Analytics revenue is coming from overseas customers. Is the nature of business that you get from overseas clients similar to what you get from domestic clients or they are very different?

Satya Neerukonda: Can you repeat that? Sorry, I missed it.

Vishal Manchanda: On your presentation slide, you have indicated that 40% of the Pharma Analytics revenue is coming from overseas clients. So I wanted to get a sense whether these overseas clients are higher -- give you a higher value business and the nature is different from what you get from domestic clients?

Satya Neerukonda: Nature of business remains the same because the end markets where they apply for marketing approvals remain the same. The value is definitely higher when you get business from overseas.

Vishal Manchanda: Okay. And in terms of the nature of the clients that you're signing up for the CRADS business on the biologics side, are these smaller Indian biotechs or these are the larger generic companies that you're signing up?

Satya Neerukonda: It has both. Smaller ones because they are more or less virtual and larger companies because they have higher ambition, more products and their R&Ds are not able to support internally, that's when they outsource to CRADS trackers.

Vishal Manchanda: So you develop the product and give it to them and they'll take it forward from there?

Satya Neerukonda: Yes, we develop their product. I mean, whatever is there in their pipeline, we will help develop the process and then give it back to them.

Vishal Manchanda: Okay. Okay. So you kind of do it on a large scale and then you give it to the customer?

Satya Neerukonda: Yes.

Vishal Manchanda: And just one final one on the INR40 crores growth capex that you're guiding this year, where it is going to be deployed?

Harita Vasireddi: That is distributed across the business units. You take it from preclinical to maybe food, analytical, analytical small molecule, large molecule again, across our businesses.

Vishal Manchanda: Okay. And just one more. On the clinical trial research services, is there a particular focus that you have like a particular dosage form or a particular therapy? And is that important or you can kind of offer these services across therapies?

Satya Neerukonda: Across therapeutic areas. It's across therapeutic areas.

Vishal Manchanda: Do you have the bandwidth to offer that?

Satya Neerukonda: Yes.

Vishal Manchanda: Got it. Thank you. That's all from my side.

Moderator: Thank you. The next follow-up question is from the line ES from PG India. Please go ahead.

ES: Hi, thanks for taking the question. I think we spoke in some detail on analytical and clinical segments. Would be helpful to understand how the preclinical segment is performing. I understand while we don't have numbers, et cetera, but just qualitative flavors in terms of growth and the future outlook of the segment would be helpful?

Harita Vasireddi: Can you take that, Sreenivas?

Satya Neerukonda: Sorry, I missed it again. Can you please repeat?

ES: Just want some qualitative flavor on how the preclinical segment has been performing, right? And if any high-level numbers we have on the growth or the outlook on that?

Satya Neerukonda: Preclinical is doing well, mainly with the IND space and the PK space, large animal studies, growing at a very healthy rate, and it's going to continue because we are also looking at increasing our animal holding capacities, mainly for large animals. And the demand is there, both for biotech and small molecule on the NCE space and NBE space.

ES: And would client share also be at least 30%, 40% exports?

Satya Neerukonda: Preclinical, all the discovery work is majorly exports. Regular safety impurity work and all that could be around 30%, 35%. That's all domestic.

Moderator: Ladies and gentlemen, we will take this as the last question for today. I now hand over to the management for closing comments. Over to you.

Siva Rama Krishna: Thank you all for joining our Q2 and H1 earnings call today, and thank you so much, Systematix for arranging this call. Thanks, Vishal. Thanks all. Have a good day.

Moderator: Thank you. On behalf of Vimta Labs Limited and Systematix Institutional Equities, that concludes this conference. Thank you for joining us, and you may now disconnect your lines.

(This document was edited for readability purpose.)