

## Vimta Labs Limited

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Date: 12.11.2024

B S E Limited,  
P J Towers, Dalal Street,  
Mumbai: 400001.  
**Scrip Code No.524394**

National Stock Exchange of India Limited,  
"Exchange Plaza", Bandra,  
Kurla Complex, Bandra (E),  
Mumbai – 400051.  
**Trading Symbol: VIMTALABS**

Dear Sir/Madam,

Ref: Regulation 30 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

Sub: Transcript of the H1/Q2-2024-25 earnings/investor call held on 08<sup>th</sup> November 2024.

Please find enclosed herewith the transcript of the H1/Q2-2024-25 earnings/investor call held on Friday, 08<sup>th</sup> November 2024.

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

This is for your information and necessary records.

Thanking you,

Yours faithfully,

For VIMTA LABS LIMITED

Sujani Vasireddi  
Company Secretary



Encl: as above.



**“Vimta Labs Limited  
Q2 FY25 Earnings Conference Call”  
November 08, 2024**

**MANAGEMENT: MS. HARITA VASIREDDI – MANAGING DIRECTOR  
MR. SATYA SREENIVAS NEERUKONDA – EXECUTIVE  
DIRECTOR  
MR. NARAHARI NAIDU – 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 Quarter 2 FY '25 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 touch-tone phone. Please note that this conference call is being recorded.

I now hand the conference over to Mr. Vishal Manchanda from Systematix Institutional Equities. Over to you, sir.

**Vishal Manchanda:** Thank you, Siddhant. Good afternoon, everyone. On behalf of Systematix Institutional Equity, I welcome you to the Q2 FY '25 Earnings Call of Vimta Lab.

We thank the Vimta Lab management for giving us an opportunity to host the call. Today, we have with us the senior management of the company represented by Harita Vasireddi, Managing Director; Mr. Satya Sreenivas Neerukonda, Executive Director; Mr. Narahari Naidu, Chief Financial Officer; and Mr. Sujani Vasireddi, Company Secretary. I'll now hand over the call to the company management for opening remarks. Over to you.

**Narahari Naidu:** Thank you, Vishal. Good afternoon, and a very warm welcome to our Q2 FY '25 earnings call. Our investor presentation and the financial results are available on the company website and on the stock exchanges. Please note that anything 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 which the company faces. The 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 the audio of the conference call is the corporate material of Vimta Labs Limited and cannot be copied, rebroadcasted or attributed in the press or media without specific or written consent of the company. Now I would request our Managing Director; Ms. Harita Vasireddi, to provide you with the updates on the quarter ended September 2024 financial results.

**Harita Vasireddi:** Thank you. Good afternoon, everyone. Thank you for joining our Q2 and H1 financial year '25 earnings call. The first half of the financial year 2025 was good according to the market response and the way we have delivered our services. The Indian economy demonstrated positive movement with growth driven by robust domestic demand, infrastructure spending and government-led initiatives.

The manufacturing sector saw substantial growth poised by increased exports and the success of the PLI scheme. Service sectors such as IT, financial services and retail also performed well. However, inflationary pressures and global economic uncertainties pose some risks. Despite these challenges, India's economic fundamentals remain solid, positioning it as one of the fastest-growing economies in the world.

Coming to the TIC, testing, inspection and certification and CRO industries we operate in, based on moderate growth driven by continuing demand for stronger compliance and the quality assurance across various sectors, including manufacturing and health care. However, economic uncertainties and inflationary pressures have tempered the overall expansion. Talking about the quarter and the business highlights. Vimta Labs witnessed very good year-on-year growth of 26.4%. This was primarily led by our pharmaceutical services, which continue to drive our business.

Overall, we saw good traction across all our verticals and would like to highlight that our new life sciences facility will be commercialized from third quarter. The clinical trial services had a positive impact on our revenue. This being one of our growth drivers, we are confident that these services will bring in good performance in the years to come.

Looking at the food testing services, we witnessed a slack in the business due to certain factors, which we feel would stabilize in the coming quarters. On the electronics and electrical testing, there continues to be new products coming in for testing in our lab and these services too have performed well for us.

We are also in the process of expanding the space for electronics testing at our Life Sciences specialty in Hyderabad. We are adding a new EMI/EMC chamber to further gear up to the market requirements. As per the press release published on August 30, 2024, Vimta Labs has divested the diagnostics services business to Thyrocare Technologies Ltd. This decision allows us to sharpen our focus on our core services and optimize resources for sustained growth, which will result in a significant improvement, as you see in our financials, which our CFO, Mr. Narahari Naidu, will take you through in a bit. Looking ahead, we are optimistic on all the services we offer. And with the growth drivers in place, we are confident that we will achieve our near-term target of INR500 crores.

With this brief overview, I now hand over the call to Narahari to walk you through the financials. Over to you, Narahari.

**Narahari Naidu:**

Thank you, Ms. Harita. Now I would like to walk you through the consolidated financial performance for the quarter ended 30<sup>th</sup> September 2024. After which, we can open the floor for question and answers. Before I start discussing the financials, I would like to highlight, that the previous period figures for P&L items have been regrouped to ensure comparability with the current period basis the announcement of sale of Diagnostics and Pathological Services business on 30<sup>th</sup> August 2024.

I'll start with the consolidated financial highlights for the quarter. Total income for quarter 2 FY '25 stood at INR854 million as compared to INR676 million in Q2 of FY '24, up by 26.4% Y-o-Y. EBITDA stood at INR306 million in Q2 FY '25 as compared to INR194 million in Q2 FY '24, up by about 57% on a Y-o-Y basis. EBITDA margins for the quarter stood at 35.8%. Earlier, the margins were in the range of 23% to 30%, which has now significantly improved. Profit after tax in Q2 FY '25 stood at INR170 million as compared to INR81 million in Q2 of FY '24, a growth of more than 100% on a Y-o-Y basis. PAT margins for the quarter stood close to 20%.

Moving on to half year performance. Revenue from operations for H1 of FY '25 stood at INR1,610 million as compared to INR1,439 million in H1 of FY '24. This roughly translates to a growth of 12% on Y-o-Y basis. EBITDA stood at INR572 million in H1 of FY '25 as compared to INR468 million in H1 of FY '24. This translates to EBITDA margins of 35.5%. Profit after tax in H1 FY '25 stood at INR309 million as compared to INR226 million of H1 FY '24.

On the balance sheet side, we continue to have net debt-free balance sheet with cash and cash equivalents, including other bank deposits of close to INR28 crores. Our total debt stands at INR116 million as on 30 September 2024, with a debt-to-equity ratio of 0.03x. Capex for the quarter stood at INR30 crores. We continue to maintain our capex guidance of INR90 crores for FY '25. With that, we can now open the floor for Q&A. Thank you.

- Moderator:** Our first question is from the line of Viraj Mehta from Enigma.
- Viraj Mehta:** My first question is regarding the divestment of diagnostics. I can see the loss that you have mentioned in the quarterly run rate, but in a sense, is it safe to assume that if you take out diagnostic this very high margin of mid-30 percentage points is more or less sustainable for Vimta. Is it a fair way to think about this?
- Narahari Naidu:** Yes, as you rightly said, the numbers what you are referring for Diagnostics business what we had reported, excluding that, the margins are sustainable around 35%.
- Viraj Mehta:** Okay. And sir, Ma'am mentioned that we are looking at INR500 crores in near term. And we have already mentioned, we'll be able to do it in FY '26. So are we on track for to do that?
- Harita Vasireddi:** Yes, we are still on track to do that.
- Viraj Mehta:** So ma'am, we are in FY '25. So, FY '26, you are saying that we would be at a quarterly run rate of INR125 crores from INR80 plus crores this quarter. The only reason I'm asking this is because when we mentioned INR500 crores, we also had diagnostics in our business. Now that, that is gone, do you take out some money like do you take out INR30 crores, INR40 crores from our ambition, or we are still looking at INR500 crores?
- Harita Vasireddi:** Yes, I think we would have to remove that 9% of the pie that Diagnostics was occupying. But having said that, the I'm pretty confident that we will hit that run rate during the next financial year.
- Viraj Mehta:** Okay. And as a company, that incremental INR40 crores revenue if you take a quarterly INR40 crores incremental revenue that you thought that we will hit by Q3, Q4 of next year. Where do you see incrementally a large portion or where are the higher portion of that incremental revenue you think will come from? Which part of the businesses?
- Harita Vasireddi:** The growth will come from all the business units according to the portion of business they currently contribute to. Like for example, pharmaceutical still remains the dominant business for us. So majority of the growth will come from there in terms of absolute numbers. But our other divisions are also gearing up to deliver a very strong growth in the next few years.

- Viraj Mehta:** Makes sense. And ma'am, my last question is, when we go from INR85 crores quarterly revenue as in basically INR27 crores, INR30 crores monthly revenues to INR40 crores kind of monthly revenue with such high gross margin business, what kind of operating margin or operating leverage do you think will play out in the business as that revenue can be a company of 30%, 40% margin or even higher?
- Harita Vasireddi:** That is a little tricky to answer in a straightforward manner because when your top line grows, then the economies of scale hit in. But then after a certain time, you would need fresh capacities to be added. So, it is kind of a go in a slightly wave fashion. So I won't be able to accurately answer that. But the margins that you're seeing now are sustainable.
- Narahari Naidu:** Yes. I'll just add on to that. The reason why we are not commenting on a higher EBITDA margins is that because we are having addition of capacity, which is going to commence from quarter 3. And it would take a little more time for us to fully occupy it. So until then, we were very happy to maintain margins around the current levels. And once we reach a critical volume of INR450 crores around, probably at that point in time, we'll have to relook to have -- if we can have higher margins or not. But as such, we are way above the industry average margins currently.
- Viraj Mehta:** Sure. And ma'am last, I just wanted your comment on our food initiative for the government. What is the monthly run rate there? I mean we have been much lower than our anticipation when we put it up. So has there been any improvement there? And what is our future for that?
- Harita Vasireddi:** Yes. There is a betterment of revenues there. But I would still say it is significantly lower than what we had anticipated. But it has kind of stabilized where it is for now. So we will -- we don't have any forecasting on that side of revenue.
- Moderator:** Our next question is from the line of Ankit Gupta from Bamboo Capital.
- Ankit Gupta:** Congratulations for a great set of numbers. So my first question was on, if we look at our performance, as you have said in your initial commentary, that food continues to remain a bit sluggish. So that the top line growth, if we remove the diagnostic business performance in last year's performance is primarily driven by pharma is what we can infer because the rest of the segments are pretty small to make much of a dent on our overall numbers.
- Harita Vasireddi:** Yes, but what is the question?
- Ankit Gupta:** Is the growth that we are seeing or the run rate of around INR85 crores that we have seen in this quarter, the growth is largely driven by the pharma?
- Harita Vasireddi:** Yes, it is largely driven by pharma, and you're right, the other segments, except for food are too small to have a significant impact on the absolute number. And food also is mostly due to internal reasons. We are shifting from the existing facility to the new facility that we have built in life sciences. So there is inevitably a little slowdown in operations. And since it's the retail kind of business, there is a little impact on that side of the business.

**Ankit Gupta:** Sure, sure. And sir, if you can talk about this -- the BIOSECURE Act, and how it is going to impact us. Are we seeing increased inquiries over the past few months and increased traction with the existing and new clients?

**Harita Vasireddi:** Yes, there is a positive impact of that regulation in U.S. that we see here, some big corporations, MNCs, have reached out to us. There could be a possible partnership, but these are all still in very early explorative stages. We think that the momentum could pick up in the upcoming quarters or maybe a year or so.

**Ankit Gupta:** Ma'am, this INR85 crores run rate has now become -- like normally we are seeing that because of some capacity constraints, we were not -- we were facing some challenges on the growth because there was some slowdown in the U.S. pharma segment. So now given how things are looking at the new additional capacity coming in our life sciences campus INR85 crores run rate is a new base now from where we can see our growth hopefully over the next few quarters?

**Harita Vasireddi:** Yes.

**Moderator:** Next question is from the line of Ankeet Pandya from Incred AMC.

**Ankeet Pandya:** Congratulations on great set of numbers. Ma'am, just 2 questions. So firstly, on the top line growth, we have seen top line growth driven by the pharma segment. So can you give more -- can you throw some light on what has worked for us during the quarter? And like just directionally over the next few quarters and like 2 years, how are you looking at the pharma sector. And secondly, you mentioned in the opening comments that there's some challenges were faced in the food segment. So if you can highlight what -- if it's possible to highlight what were the challenges that we faced in the food segment?

**Harita Vasireddi:** Sure. In the pharmaceutical services, we have preclinical services, we have clinical research services and also analytical services. So in this quarter, all 3 of them have picked up on the revenue side. Clinical research especially got a boost because of the clinical trials that we started. And on the analytical side also, the investments that we have made on the biopharma side we are starting to see returns on those investments. And pre clinical also has shown growth during the quarter. So all 3 segments have helped push the pharmaceutical revenues quite well.

And on the food side, I was explaining earlier, it's mostly internal reasons. One of our labs in -- that we had in Pune, we shifted to Nashik. So there was a temporary gap. There still is a little bit of a temporary gap of revenues from that lab location. And here also in the Hyderabad headquarters lab, we are shifting the food testing services from our existing life sciences building to the new building that we have built.

So it's in transition phase. So during transition, the equipment have to be shut down, and they have to be installed at the new location, so they have to be validated again. So we are trying to do this very, very slowly, but it does have a little impact on the operational capacities, day-to-day capacity. So therefore, the factors are more internal than external on the food business.

- Ankeet Pandya:** So ma'am, on the food side, will it be right to say that like was there a loss of business that can like transfer to the next quarter or something like on those lines? Will be that right way to look at it?
- Harita Vasireddi:** As of now, I won't say there is a loss. But even if it was there, it could be a temporary transfer because it's like a retail business, we are not available to give the report in 3 days. And then, of course, they will have to look for that testing service somewhere else. So that little chance that little risk is there, but we have good relationships, especially with our large customers. So there shouldn't be a long-term impact of this.
- Ankeet Pandya:** Okay. And on the pharma side, to bring on the clinical Preclinical that we have recently started. So again, I think the momentum that will be one of the key sort of like the bulk up in the revenue going forward that we can see on the quarterly basis.
- Harita Vasireddi:** We have actually just begun the first trial. The first trial is going very well. So more projects have to be added and the efforts are on the first few ones may not come one after the other in a very successive manner. There might be some gaps, but it will pick up.
- Ankeet Pandya:** And ma'am 1 last question on the bookkeeping. So in the balance sheet or in the other financial liabilities, there's an increase from INR24 crores to INR45 crores. So anything to read in those numbers?
- Narahari Naidu:** On other financial liabilities, so this is because of capex expenditure. There are certain capex-related vendors, which were not due payment, but which were accrued as a payment liability.
- Moderator:** Our next question is from the line of Milan Shah from Urmil Research Consultancy.
- Milan Shah:** What is the content of export in current quarter business and in a half year?
- Narahari Naidu:** So typically, our export is in the range of 25% to 30%. This quarter also, there is no exception to that general percentage.
- Milan Shah:** Okay. And after third quarter once our expansion is on, then it is a chance to increase the export revenue.
- Harita Vasireddi:** It has no direct connection between expansion and export revenue. So the typical trend has been around those numbers. It's a continuous and we were to increase those numbers. Fortunately for us, the India market is also very strong. We are able to drive good growth both domestically and internationally.
- Milan Shah:** Okay. And electrical and electronic side, we are going through an expansion in big way or this is slowly we are going to add it?
- Harita Vasireddi:** We have created a space to add 1 more EMI/EMC chamber. The chamber also is ordered, but it has a long lead time. So we expect the installation of the new chamber to be done maybe around Q4 or early next year.



- Moderator:** Our next question is from the line of Vignesh Iyer from Sequent Investments.
- Vignesh Iyer:** Sir, actually, I think in the initial part of the call. So after the understanding, we are targeted to do INR500 crores next year, is that correct?
- Harita Vasireddi:** Yes. We want to at least reach for the run rate of INR500 crores in next year.
- Vignesh Iyer:** And ma'am in the new facility, should we expect the margins to be in the similar level in the pharma and the food segment at an overall level?
- Harita Vasireddi:** EBITDA margins, yes.
- Moderator:** Our next question is from the line of Zaki Nasir, who is an individual investor.
- Zaki Nasir:** Ma'am, congratulations to you and your team under a phenomenal set of numbers, ma'am. I would want you to throw some light on this electronic testing facility, which 1 is on, and you have order for the another one. How do you foresee this panning out over the next 2 to 3 years?
- Harita Vasireddi:** The defence sector, I think, is getting a very good push in our country, and we are sitting in the hub of defence component manufacturers. So the variety of systems that are coming to us for testing is actually adding month-on-month. So we are quite upbeat about it. Already, our capacities have been utilized around 80% to 85% so far. So we are just gearing up for additional capacities because these have a very long lead times.
- The chamber takes a long time to -- once you place an order, it takes a long time for it to be delivered and installed. Therefore, we are proactively creating additional capacities, which should help us continue the growth even in the next years without any pause or slowdown in revenues.
- Zaki Nasir:** A bookkeeping question, the current revenues in the current quarter, would that exclude the division you sold to Thyrocare, ma'am.
- Narahari Naidu:** Yes, sir. So the numbers reported are excluding of our Diagnostics business. The top line, what we are mentioning is close to INR85 crores, which doesn't include diagnostics business for the quarter.
- Moderator:** Our next question is a follow-up question from the line of Ankit Gupta form Bamboo Capital.
- Ankit Gupta:** Ma'am, can you talk about how the NFL lab is doing at JNPT and any positive developments there?
- Harita Vasireddi:** Sample loads at NFL have slightly better. And after that, they have stabilized now. So there is no forecast, like I said earlier on whether it could go up further more. So as of now, it is better than what it was a couple of quarters before.
- Ankit Gupta:** So how much growth will that be, let's say, compared to a couple of quarters that any will be a significant growth that you see?

- Harita Vasireddi:** Yes. That would probably be around 30% to 40% increase in sample volume.
- Ankit Gupta:** Okay. And let's say, how far are we soon the numbers that we were expecting 2, 3 years back when we started this lab.
- Harita Vasireddi:** As of now, we are probably still 30%, 40% away from what our expectation was.
- Ankit Gupta:** In terms of margins, we have seen improvement given the volume uptick that we have seen there.
- Harita Vasireddi:** Yes.
- Moderator:** Our next question is from the line of Dhwanil Desai from Turtle Capital.
- Dhwanil Desai:** Congratulations for a very good set of numbers, ma'am. First one question. I think you alluded to some conversations that you are having with some of the MNC players as a fallout of BIOSECURE Act. Now given that if some of these contracts materialize at and when rectifies, is there a possibility that we may run out of space even after expansion because that expansion, we may have already kind of tied up the capacity for the existing businesses and the growth for that. So how do you look at that? And is this a single conversation that we are having on the multiple conversations across 3 areas on the pharma side that we are having.
- Harita Vasireddi:** So the relationship that I was talking about has already begun. And typically as in any relationship, especially with a global company, the ramp-up is slow and steady. So that is a phase that we are in. Capacity wise, I'm not concerned, at least for the next couple of years. we should be very comfortable in accommodating any requirements that such partners may have.
- And I also want to clarify that there is no direct correlation with the BIOSECURE Act and this partnership. So this is not probably directly because of that.
- Dhwanil Desai:** Can you give some more color on the preclinical side, the scale up and how we are looking at things, how the pipeline is shaping up, where do we see from here? How can we grow? Some more qualitative insights into that would be helpful.
- Satya Sreenivas Neerukonda:** Pipelines, mainly 2 segments that we spoke about which are poised to grow in the future. One is the pharma segment and the food segment.
- Dhwanil Desai:** I'm asking for pre clinical part of it within pharma.
- Satya Sreenivas Neerukonda:** The 3 segments that are poised for growth and what we are pursuing are Pharma segment, the food segment and the Electrical and electronics segment. These are the 3 focus areas for us. And these are the 3 areas where there is a traction globally. So, coming to Pharma segment, preclinical is a part of the pharma segment. And preclinical is mainly driven or major opportunities for preclinical are in the countries where there's a lot of drug innovation going on, which is the western world, the European markets and the U.S. markets. So we are equally placed in both these markets.

A lot of efforts have been put over the last 3, 4 years, and we are seeing good returns coming in from there. The clinical business, again, there's a lot of business which flows into India from the Western markets. Europe was a market where we were not very strong, but the efforts in the last 2 years have started yielding, we are making partnerships. We are making progress in these markets. So overall, I think the pipelines are growing and the business outlook for the future is also very positive.

**Moderator:** Our next question is from the line of V.P. Rajesh from Banyan Capital.

**V.P. Rajesh:** Congratulations on an excellent set of numbers. Just 2-3 questions. So 1 is on the partnership that you were earlier talking about. Aside from that, are you starting to see any conversations which are pertaining directly to the BIOSECURE Act in the U.S?

**Satya Sreenivas Neerukonda:** So, the partnership we have been talking about is with 1 of the major U.S. innovator company. And this partnership is not necessarily as on today direct listing at the BIOSECURITY, but it is mainly on the cost-cutting measures taken by MNCs year-on-year, where we are looking to find markets where we can offshore or send out some of the work which take a lot of resources. So in our initial decisions of initial work, which is coming in is directly related to that, and that is going to continue. The BIOSECURITY Act is still yet to show much of an impact. But I'm pretty sure it's going to gradually shape up that way.

**V.P. Rajesh:** So what I was trying to understand, and I'm not sure if you already answered that if you put that partnership aside, which you were saying is more related to cost cutting. Are there any other conversations which are our direct result of BIOSECURE Act? That's what I was trying to understand.

**Satya Sreenivas Neerukonda:** As on day, we don't see that in the market where companies are coming through here, but I think eventually it's going to happen. There are discussions of moving those manufacturing facilities out of China. And I think there are some active discussions happening in the country with some of the major players. I think we will have more concrete understanding of that by the first quarter of next year.

**V.P. Rajesh:** Understood. Understood. And my next question is, and I know mam doesn't like to talk about this, but directionally, can we assume that 70% of the revenue in this quarter was from pharma?

**Harita Vasireddi:** Yes, close to that, yes.

**V.P. Rajesh:** Okay. Great. And then lastly, on the guidance for next year. I heard 2 numbers. I heard INR450 crores because you are taking the diagnostic out. And I also heard you say the run rate of INR125 crores in a quarter. So should I conclude that maybe in Q3, Q4 next year, you are targeting to hit INR125 crores of the run rate revenue. Is that the way to understand your comments.

**Harita Vasireddi:** Yes, that is the right understanding.

**Moderator:** Our next question is from the line of Vishal Manchanda from Systematix Institutional Equities.

**Vishal Manchanda:** I have a question on the Biosimilar business that you're trying to build. So, would you be able to provide any color whether you have been able to win any contract there in terms of executing the trial or maybe the basic bioanalytical test in that line of the business?

**Satya Sreenivas Neerukonda:** Yes, we have been doing pretty well in this segment of Biosimilars and some of the other big molecule, large molecule areas. This is an ongoing work. We have been doing it for quite some time on the preclinical space, but now in the analytical and clinical space also, we have contracts which we are executing.

**Vishal Manchanda:** So, you mean you would be doing a trial for a client on the Biosimilar front. You have a contract for that?

**Satya Sreenivas Neerukonda:** I won't go into much specifics, but yes, we are part of such contracts, clinical trial programs.

**Vishal Manchanda:** Okay. And just 1 more fundamental question on the pharma analytics side. Just wanted to understand the driver of growth for the business. So is it primarily the filings that companies do for their products in the U.S. to support this filing, they need analytical test and Vimta supports these companies on those analytical test. Is that a driver or there are other drivers as well for the Pharma analytical business?

**Satya Sreenivas Neerukonda:** That is essentially the basic driver for any of the CROs, the outsourcing work to support these filings. But the other part of that driver is the complex products. So general products and all, there are a number of labs available. But for complex and more R&D support kind of work, they rely on CROs of experience or CRO, which have been with complex solutions -- sorry, solutions for their complex problems like Vimta, that is the second part, which is also fueling the growth.

**Vishal Manchanda:** You've started to get more complex work related to complex generics now?

**Satya Sreenivas Neerukonda:** Yes. We are supporting a lot of those complex generic studies.

**Vishal Manchanda:** And are these primarily Indian clients, or the global innovator clients.

**Satya Sreenivas Neerukonda:** We both have Indian clients, European, North America and Southeast Asia. But the common factor between all these companies is, they are filing in regulated markets, which could be North America, Europe, Japan and some of the semi-regulated.

**Moderator:** Next is a follow-up question from the line of V.P. Rajesh from Banyan Capital.

**V.P. Rajesh:** I wanted to just inquire about the transition that we were doing from the facility that you guys showed us during the Investor Day. And obviously, the capacity was very tight at that point in time. So if you could just comment about that, how is the transition going into the new place, et cetera, is going on? And what is sort of the deadline as to when that will get done.

**Harita Vasireddi:** The new facility is created to house food testing services and also to house preclinical services. So food has almost 90%. We have moved food from the existing facility to the new facility.

Food also has multiple labs. We have the nutrition testing laboratory. We have the microbiology laboratory, and we have the residue trace analysis laboratory. So nutrition lab is fully migrated. The trace analysis lab is also almost migrated.

The last one will be microbiology that we will be moving in this month or maybe until mid of next month. Preclinical, we are yet to start shifting so that also we will initiate in the month of November, and that will also be very gradual. And the reason we are doing it very gradually because we do not want to impact our service to the customers.

**V.P. Rajesh:** Got it. And I think you had also talked about putting up a second chamber for the electronics business. So any update on that?

**Harita Vasireddi:** Yes. So we have placed an order for the chamber. The delivery is expected late Q4 or early Q1.

**V.P. Rajesh:** On the capex side, if you can just update as to what's the plan for this year? And what are you planning for the following year?

**Narahari Naidu:** So if we have to divide between the infrastructure addition as well other infrastructure. so infrastructure, we may incur close to INR70 cores in totality, which we expect it to be capitalized during quarter 3, out of which majority was spent last year. And this year also, we are spending out of the overall budgeted allocation of INR70 cores. Other than that, we can expect an incurrence between somewhere around INR50 crores to INR60 crores, and we already incurred close to that in the H1.

**Moderator:** Our next question is from the line of Milan Shah from Urmil Research Consultancy.

**Milan Shah:** I want to know that we are going into big expansion, so any plan to preferential or fundraising planning for this year or next year?

**Harita Vasireddi:** As of now, we don't have any thought in that direction.

**Moderator:** As there are no further questions on the participants. I now hand the conference over to the management for closing comments.

**Harita Vasireddi:** Thank you, Siddhant. I want to thank all the participants for joining us in the call today and also for all the good wishes that were shared with us. I wish to thank even Vishal and Systematix for hosting this call today. Thank you all. Bye-bye. Good day.

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