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Vimta
Driven by Quality. Inspired by Science.

VLL\SE\037\2026-27
Date: 24.07.2026

B S E 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/Q1-2026-27 Earnings/Investor Call held on 20th July 2026.
Ref: Regulation 30 of the SEBI (LODR) Regulations, 2015.

Please find enclosed herewith the transcript of "**Q1 FY '27 Earnings Conference Call**" held on Monday, 20th July 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/investor-earnings-call/

This is for your information and records.

Thanking you,

For VIMTA LABS LIMITED

SUJANI VASIREDDI
Digitally signed by SUJANI VASIREDDI
Date: 2026.07.24 18:02:01 +05'30'

VIMTA LABS LIMITED HYDERABAD-51

Sujani Vasireddi
Company Secretary and Compliance Officer

Encl: as above.

"Vimta Labs Limited

Q1 FY '27 Earnings Conference Call"

July 20, 2026

MANAGEMENT: **MS. HARITA VASIREDDI – MANAGING DIRECTOR**
MR. SATYA SREENIVAS NEERUKONDA – EXECUTIVE DIRECTOR
MR. SIVA RAMA KRISHNA – 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 Q1 FY '27 Earnings Conference Call. As a reminder, all participant lines will be in the listen-only mode and there will be an opportunity for you to ask questions after the presentation concludes. Should you need assistance during this conference call, please signal an operator by pressing star then zero on your touchtone phone. Please note that this conference is being recorded. I now hand the conference over to Mr. Vishal Manchanda from Systematix. Thank you and over to you, sir.

Vishal Manchanda: On behalf of Systematic Institutional Equities, I welcome you to the Q1 FY '27 earnings call of Vimta Labs. We thank the Vimta management for giving us an opportunity to host the call. 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 Q1 FY '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 stock exchanges. Also, 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 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 the 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, myself, CFO; Ms. Sujani Vasireddi, Company Secretary. Now, I request Ms. Harita Vasireddi, Managing Director of Vimta Labs Limited, to provide you with the updates for the quarter ended 30th June '26. Thank you and over to you, ma'am.

Harita Vasireddi: Thank you, Shiva. Good evening, everyone. Thank you for joining us today. I am pleased to report that Vimta delivered a resilient and steady performance in the first quarter of FY '27. Total income stood at INR1,129 million, representing year-on-year growth of 13.7%. This is despite a mixed demand environment across certain services. While revenues remained broadly stable on a sequential basis, the quarter reaffirmed the strength, diversity, and adaptability of our service portfolio, enabling us to navigate the near-term headwinds while sustaining healthy profitability.

Our pharma contact research and testing services delivered a consistent performance during the quarter. Revenue remained broadly stable on a quarter-on-quarter basis. However, the divisions recorded strong year-on-year growth supported by improved enquiry inflow and sustained customer engagement. Our clinical research operations, which faced challenges in the previous fiscal year, have begun to show encouraging signs of recovery with healthy enquiries and orders inflows during the quarter. This provides a positive foundation for improved performance in the coming quarters.

Further, the environment division has been integrated with the food division given its relative scale within the overall revenue mix to enable more efficient management and operational alignment. Consequently, the environment business will no longer be discussed as a separate division going forward. The food testing business witnessed a decline in import and export related sample receipts, primarily due to ongoing global challenges. The business has responded proactively by sharpening its focus on domestic market, thereby mitigating the impact to a certain extent.

The electronics and electrical testing business remained stable during the quarter with the manpower related challenges faced earlier now addressed. With intensified market outreach, we are encouraged by the opportunities emerging in this market. India's continued emphasis on electronics manufacturing, quality certification, defence indigenization, and infrastructure development creates a favourable long-term environment for testing and certification services.

In addition, the 15.19% year-on-year increase in India's FY '26-'27 defense budget allocation is expected to support higher demand for testing and qualification services for defense electronics and related systems, further strengthening the growth outlook for our Electronics and Electrical Testing business.

On the demand front, enquiry levels continued to improve across both domestic and international markets. We are also witnessing an increase in the size and complexity of opportunities under evaluation, reflecting Vimta's growing relevance among customers and the increasing preference for specialized testing and research partners.

Utilization levels remained healthy across major service areas. The infrastructure we have built over the years continues to be deployed effectively, while our disciplined approach to capacity addition supports optimal capital efficiency and sustainable growth.

A milestone during the quarter was the progress achieved in our Biologics initiative. We successfully secured our first order for Biologics services and operationalized the facility, marking an important step in expanding our capabilities in high-growth Life Sciences segment.

From a profitability standpoint, operating margins moderated on a quarter-on-quarter basis, in line with expectations, largely due to higher facility-related expenses, the impact of new labor laws and appreciation of the rupee.

Despite these factors, margins improved on a year-on-year basis and our EBITDA margins continue to remain significantly above industry benchmarks. This reflects the structural strength of our business model, the depth of our operating discipline and our continued focus on efficiency and execution excellence.

Looking ahead, we remain confident about the medium- to long-term opportunities across our service portfolio. Positive enquiry trends, healthy demand visibility and deeper customer engagement across markets reinforce our confidence in the growth prospects of the business. At the same time, we remain firmly committed to prudent capital allocation, strong governance, regulatory compliance and industry-leading quality standards.

In conclusion, despite near-term softness in select segments, the quarter underscores the resilience of our diversified business model, the improvement in demand conditions and the strong foundation we have built to deliver sustainable long-term growth.

With that, I would now like to hand over the call to Mr. Siva, who will take you through the financial performance for the quarter.

Siva Rama Krishna: Thank you, Ms. Harita. A very good evening to everyone. Thank you for joining the Q1 FY27 earnings call. I will now begin by presenting an overview of our financial performance for the quarter ended June 30, 2026. Following that, we'll open the session for questions.

I'll start with the financial highlights for the quarter. Total income for Q1 FY27 stood at INR1,129 million as compared to INR993 million in Q1 FY26, up by 13.7% year-on-year. EBITDA stood at INR411 million in Q1 FY27 as compared to INR354 million in Q1 FY26, up of 16% year-on-year.

EBITDA margins for the quarter stood at 36.4%. PAT in Q1 '27 stood at INR210 million as compared to INR189 million in Q1 FY26, a growth of 11.4% year-on-year. PAT margin for the quarter stood at 18.6%. On the balance sheet side, we continue to have a net debt-free balance sheet with cash and cash equivalents of INR628.2 million.

Turning to our investment plan. We have slated a budget of approximately INR80 crores of capex spend for FY27 to primarily focus on strengthening our analytical capabilities and expanding select service offerings.

However, I would like to emphasize that our capital allocation philosophy remains highly disciplined. Planned investments will be phased based on business visibility, customer demand and project level requirements.

With that, we can now open the floor for Q&A. Thank you.

Moderator: Thank you very much. We will now begin with the question-and-answer session. The first question is from the line of Shubhi Gupta from Trinetra Asset Managers. Please go ahead.

Shubhi Gupta: Hi, good afternoon. I wanted to ask that our last quarter we decided that the goal for this year for revenue will be around INR500 crores. So I wanted to ask if we are on track for that? Also, second question is that last quarter, our utilization levels were about 38%. So I wanted to understand what is the number this quarter for the same?

Harita Vasireddi: Yes, we are on track with respect to our growth momentum that we have built during the last few years. So we are confident that the same momentum can be maintained in this year as well, barring the impact that the global challenges in the Middle East that everybody is facing.

Except for that, I think everywhere else, we see that there are very good tailwinds in the industries or markets that we are operating in. Coming to the second question of yours, can you please elaborate which particular utilization are you referring to?

Shubhi Gupta: Yes, ma'am, the new facilities that we had was quoted about 38% utilization?

Harita Vasireddi: Maybe there's some confusion on that number. I wouldn't have quoted that number. For us, I would like to reiterate for anybody who's joining us for the first time here that Vimta Labs defines its capacity 3 dimensionally. One is the lab infrastructure, the space, the building, etcetera. The second one is the equipment and third one is people.

So people and equipment, we add as and when needed. Infrastructure is built for slightly medium term. So therefore, we wouldn't really define capacities as percentages at any point of time, especially when it comes to new capacities that we have created in terms of building.

Shubhi Gupta: Sure. Okay. Thank you.

Moderator: Thank you. The next question is from the line of Krisha from Molecule Ventures. Please go ahead.

Krisha: Hello. Am I audible?

Moderator: Yes.

Krisha: Yes. So my first question is on our Biologics vertical. So you mentioned in your opening remarks that we have already secured our first order in that new vertical. So could you throw some light on this customer and the nature or the size of the order?

Harita Vasireddi: That is highly confidential. We are not permitted to do that because of the agreements that we signed with the customer.

Krisha: Okay. Any idea on the size part of it? Or maybe if you can tell us from which country is this customer?

Harita Vasireddi: This is domestic.

Krisha: Domestic customer. Okay. And any idea on the size part of it?

Harita Vasireddi: I will not be able to disclose that.

Krisha: Okay. Okay. Fair enough. And as investors, what kind of time line should we keep in mind, particularly for this new Biologics segment, let's say, in terms of client onboarding and actual commercial revenue coming in?

Harita Vasireddi: The commercialization has begun already in Q1. The client is onboarded in Q1.

Krisha: Right. I understand that. But we were in the discussions with a few other clients as well. So my question is more on -- from that part.

Harita Vasireddi: Can you repeat the question, please?

Krisha: Yes. So, in the last quarter when we spoke, you were in discussions with a few clients, and I understand that one of those clients have been converted. My question is on the conversion of the rest of the clients, what is the time line that we as investors can keep in mind?

Harita Vasireddi: Difficult to answer that question because the conversion depends on the stage at which their project is.

Krisha: Okay. Okay, no problem. Thank you.

Moderator: Thank you. The next question is from the line of Disha from Sapphire Capital. Please proceed.

Disha: Hello? Am I audible?

Moderator: Yes.

Disha: Yes, thank you so much for the opportunity. Couple of questions. So, firstly you mentioned for our operating margins we saw some impact due to our facility related expense and in general the raw material prices. Do we see these margins going down further or is this level something we can sustain going ahead? Or do we see pressure going ahead as well?

Harita Vasireddi: We expect that the margins will not go down further, because we are expecting the business to grow in the coming quarters.

Disha: Okay. And what was your contribution for export revenue this quarter?

Harita Vasireddi: About 40%.

Disha: Okay, okay. And just on your pipeline, you mentioned we're seeing a healthy pipeline both in terms of the domestic and the international market. Could you just elaborate a bit more on which key geographies are you seeing the most traction in?

Harita Vasireddi: We are seeing good traction both overseas and domestically. In overseas markets, particularly the U.S. market.

Disha: And which segment are we majorly looking at for these orders?

Harita Vasireddi: For us, overseas is on pharma services.

Disha: Okay, okay. And this food segment you mentioned we saw a decline this quarter because of the geopolitical challenge. What will be your strategy for this division? How are we planning to grow this for this year?

Harita Vasireddi: So, the strategy was fine-tuned last year itself, wherein we decided we will put more energies and efforts into gaining progress in the domestic market. So, these efforts began in the last quarter itself and actually the last quarter of the previous year.

And we see good results there and we are able to offset the challenges faced by the decline in import-export related samples through these efforts. So, going forward, we will continue these efforts and meanwhile, hopefully, the global situations will also improve.

Disha: Okay, okay. Fair enough. And you mentioned a capex of INR80 crores for FY27. Could you elaborate a bit more on where, which segment is this capex for, when it will come online? Just a bit more color on that.

Harita Vasireddi: The capex that we have taken is very typical, you know, that we do every year. I think only a portion of it is remaining for the biologics CRADS that we have set up. So, that is around INR10 crores. The rest INR70 crores is for routine operations for the various business units that we have.

Disha: Okay, so only INR10 crores is remaining for the biologics, right?

Harita Vasireddi: Yes.

Disha: Yes, okay. Okay, that is it from my side. Thank you.

Moderator: Thank you. The next question is from the line of Yuvraj from ChrysCapital. Please go ahead.

Yuvraj: Hi, ma'am. Thank you for taking my question. I actually had two questions, one on capex and the other on customers. So, on the first question with respect to capex, I just want to understand that we are outlining INR80 crores of capex guidance for FY27 and we have already committed around INR18 crores as per the Q1 investor presentation. So, is it right to assume that we will be committing INR62 crores of capex in the remaining three quarters?

Siva Kambhampati: Yes, I'll answer that question. See, Yuvraj, what you have seen in the presentation, INR18 crores is the outflow which is mentioned in the presentation. Having said that, yes, our commitments for the current year will be INR80 crores, including the INR10 crores for biologics.

Yuvraj: Okay, understood. And at the current level of gross block that we have, how much top line can it support?

Harita Vasireddi: I think we are looking at maintaining or even bettering our growth rates, right? So, we think that aspiring to that, the facilities that we have created in the last couple of years, we will be able to be good with that for over a period of at least next 4, 5 years. Okay?

And also the capex investments that we have every year, that will continue. Typically, we tend to use the depreciation amount of the last fiscal for the current year capex. So, that will continue.

Yuvraj: Okay, ma'am. And the second question is on customer concentration. Would you be able to give us some color on what is the contribution of top 5 customers and top 10 customers?

Harita Vasireddi: See, that keeps fluctuating quarter to quarter. Sometimes the shift is maybe after a couple of quarters. Because we do projects. And projects from certain customers are there in a particular quarter or in a particular year and may not be there in the next quarter or year. So, it's not really relevant. What is important is our retention rate of the customers. Our retention rates are upwards of 90%. So, very healthy retention rate.

Yuvraj: Okay. Thank you, ma'am. That's all from me.

Moderator: Thank you. The next question is from the line of Ajith from Vitadei Money. Please go ahead.

Ajith: See, you just mentioned the retention rate is at 90%. So, does this include the incremental business from the existing clients as well?

Harita Vasireddi: Yes, when I say retention rate, I'm only talking the count. I'm not talking the value of business.

Ajith: All right, okay. Not based on the value, only based on the count, right?

Harita Vasireddi: Value will vary depending on what projects we do for each one of them.

Ajith: All right, great. So, you also mentioned that almost 90% of the pharmaceutical companies that you are currently dealing with. Because of the addition of this biologics facility, does it give any kind of a cross-selling opportunity?

Harita Vasireddi: Absolutely, and that's one of the main reasons we backward integrated into that service.

Ajith: All right, okay. Great. Thank you.

Moderator: Thank you. The next question is from the line of Aditya Khaitan from First Assets. Please go ahead.

Aditya Khaitan: Yes, good afternoon, ma'am. I had one question. Could you help us understand your strategy around emerging therapeutic areas such as GLP-1 drugs, biosimilars, or cell and gene therapy? Are you like into any of the emerging areas which are into the GLP drugs or biosimilars?

Harita Vasireddi: Yes, we are. But see, we are not -- shall we say, we are product agnostic. Whatever the current industry trends are, you know, we have the scientific capabilities to address the requirements of those particular products that are trending in the industry.

Aditya Khaitan: Okay. And ma'am, one more thing is what is the current capacity utilization of your laboratory?

Harita Vasireddi: Capacities are measured in three aspects for us. So, equipment and people we add as we need. So, there's not really a lot of spare capacity sitting anywhere unless it's a new segment that, you know, we are building or a new service that we are building.

Infrastructure-wise, we have created the infrastructure to help us in our growth for at least, you know, when we created it, it was at least a seven-year plan. Okay? And we created this two years ago. So, with that mathematics in place we are good for the rest of the, you know, upcoming 4, 5 years.

Aditya Khaitan: So, that is like what percentage of it is being utilized approximately?

Harita Vasireddi: You mean the infrastructure?

Aditya Khaitan: Yes.

Harita Vasireddi: Infrastructure, see, we have built about 200,000 square feet. In that, I think we have occupied at least 60%, I would say, you know, approximately.

Aditya Khetan: Okay. Thank you.

Moderator: The next question is from the line of Sai Surendra an individual investor.

Sai Surendra: Thank you for taking my question. Good afternoon, madam. I have few questions. How do you see the business in the next 2 quarters?

Harita Vasireddi: As I mentioned in my opening remarks, the enquiry trend is quite positive quarter-on-quarter. So with that positive enquiry trend, we are quite hopeful that the upcoming quarters will be better.

Sai Surendra: Okay. Is the demand from Pharma or Food Testing still strong?

Harita Vasireddi: Pharma, strong. Food, the import and exports have been impacted because of the war situation, because the cost of import and export has gone up for the businesses. And I think that is taking its toll on the whole trade between India and other countries with respect to food commodities. But Pharma is okay. Now Pharma, actually, the tailwinds are pretty strong in Pharma for India and also globally.

Sai Surendra: When you can we expect meaningful contribution from U.S. business?

Harita Vasireddi: I think it's quite meaningful right now at 40% overseas exports. And out of the whole 40% overseas, U.S. is the largest.

Moderator: Thank you. The next question is from the line of Vishal Manchanda from Systematix.

Vishal Manchanda: In your response to the previous participant, you said you have been seeing certain tailwinds in the Pharma business. So can you share some color as to what these tailwinds are?

Harita Vasireddi: This also, I think I've shared in some of my earlier calls. This shift we have been seeing for more than a year now. The Indian pharmaceutical industry is moving away from simple small molecules. Their pipelines are now busy with more complex kind of molecules. And usually complex molecules is a positive sign for CROs because outsourcing tends to be more because the knowledge of the CROs is quite helpful for the companies in tackling their complex molecules. So that is one thing.

The other thing is the global R&D pipelines. There has been a continuous shift from small molecules to large molecules. And what I read recently is that 40% of the global R&D pipelines are now large molecule pipeline. And India has realized that that's a good future product portfolio to have. And I'm sure they want a piece of this pie as well.

So we see Indian companies also aspiring for those kind of products, and we see the planning and R&D work beginning in that aspect. In addition to that, if you see the number of biotech companies that have proliferated in India over the last decade, I think they have more than doubled. So when there is such a proliferation, big, small, micro-sized companies, usually, the R&D pipelines are also growing. So all these things are very positive tailwinds for a CRO, I would say.

Vishal Manchanda: Okay. So ma'am, with respect to the biosimilar filings, does that come into your Pharma Analytics business?

Harita Vasireddi: Biosimilars, yes, we support even Biosimilars.

Vishal Manchanda: The new vertical that you have set up on the Biosimilar front, that's more to do with the small-scale manufacturing and not with the filings basically? The filings would be part of the Pharma Analytical business?

Harita Vasireddi: Yes. But it would start here. Product development and process development is what we offer under CRAD. So whatever filings business is there, it would start from this process. And then we also have capabilities going forward, which is to help on the analytical characterization side or bioassay side or if the molecule goes into clinical phase, then we also support on biological, including the trial.

Vishal Manchanda: Okay. Would you kind of have a number as to how many ANDA filings or biosimilar filings put together you would be supporting in any given year? Is there a trend to that? Like is that number growing? Or maybe the number is not growing, but the complexity is growing?

Harita Vasireddi: No, I don't have that number. I'll try to get it on the next time if possible.

Vishal Manchanda: Okay. And just another clarification on the Biosimilar -- the new Biosimilar vertical -- Biologics vertical, that does both API development and formulation development or that does only API manufacturing?

Harita Vasireddi: No, we do drug substance and drug product. We have capabilities to do both.

Vishal Manchanda: Okay. And you do that both -- you do both things for the clients or they can ask either of them?

Harita Vasireddi: Yes.

Moderator: Thank you. The next question is from the line of Preet Jain from Niveshaay Investment Advisors.

Preet Jain: Hello, am I audible?

Moderator: Yes.

Preet Jain: So my first question is on -- you mentioned that you are entering in CDMO, you got a new contract customer. So can I get to know that by what timeline that segment will be a meaningful contributor to our overall bottom line? And what are the margin expectation for that contract?

And my second question is that I was -- I don't know whether this question was asked or not, but can we get some area or segment from which you bagged this order or by which domestic entity you bagged this order or contract and for how much time frame this order is, means for 1 year, 2 years like that?

Harita Vasireddi: Coming to your first question on when it will be a significant contributor to the top line and margin, not this year, but hopefully, from the third year onwards, we expect it to be contributing significantly to the top line and margin. And I'm sorry, but we cannot share any details on the project that we have started working on. That is not possible.

Preet Jain: Okay. And can I get any ballpark percentage, how much it will be of our top line, but any ballpark percentage, if you can give us?

Harita Vasireddi: No, that would be very difficult for me to put a number on that because we have not yet talked about numbers for those years, right?

Preet Jain: Okay got it. Thanks.

Moderator: Thank you. The next question is from the line of Simar from Silvercoin.

Simar: Yes. Hi, good afternoon. Thank you for this opportunity. Ma'am, you touched upon a part of the acquisition in one of your previous con calls. So I happen to look at one of your global peers, which was Eurofins; they have gone through dozens of acquisitions. So -- and judging by your debt-free balance sheet, can you just talk about by what time frame are you looking -- would you be looking to acquire any company whether -- and grow revenue from it, whether domestic or international?

Harita Vasireddi: We are not involved actively in any acquisition or anything of that nature right now. But as we get into it, I'm sure I'll communicate that to the investor group. As of now, there is nothing active there.

Moderator: The next question is from the line of Sudarshan Modi, an individual investor.

Sudarshan Modi: Yes. Actually, my question is on Electrical and Electronic Testing. Now are we looking forward to expand our facilities in other states like to have better access of customers for Electronics and Electrical Testing? And second, to expand in this segment are you looking for any inorganic route by way of acquisition?

Harita Vasireddi: There is no plan to expand into another state for this year. But if some developments come our way that are -- if some opportunities rather come our way that are interesting, we might take this call in the future. I can't really commit to anything about the future right now. Inorganic growth opportunities also, if we -- we are always open to these opportunities and if something come our way, then we will, of course, evaluate and do the due communications.

Sudarshan Modi And my second question is on our numbers. Now first quarter is flat in terms of top line and bottom line and our target is to reach INR500 crores on an annual basis, are we confident we will have, we want to close now on, for at least next three, four quarters? Even if we may be short by INR20 crores or INR30 crores for INR500 crores?

Harita Vasireddi: Vimta does not give any forward projections on its numbers, but I can confidently say that the company's growth rate is what we will try to maintain and even better it this year and the upcoming years. That's our endeavour. And I think so far, our success rate has been good, and we see no reason why it won't continue.

Sudarshan Modi Actually, what we are seeing is after growth in 1 quarter, the next quarter is normally flat. So, I'm just saying, I'm not asking for the forward-looking number. I just want to know are we confident we'll grow Q-on-Q basis for next few quarters.

Harita Vasireddi: We are confident to grow in the year. I won't be able to give a number on it. I can only say that we have been doing well at a certain percentage, and this is what we want to do even going forward. Now there are many, many things that could go this way, that way, positive and negative. So very difficult to make any projection. But if you ask me, I'm optimistic.

Moderator: The next question is from the line of Anil Kumar, an individual investor.

Anil Kumar: Madam, I am an individual investor, I just wanted to know as far as the Q1 '27 results are concerned, how does the entire outlook look for the next quarter in comparison to the present quarter?

Harita Vasireddi: The outlook is positive.

Moderator: The next question is from the line of Aditya Khetan from First Assetz Limited.

Aditya Khetan: Actually, I wanted you to give a little more explanation about your core business assets because I see there's something on the electronics side also. There is a lot of testing and a lot of analytics which has been discussed. Could you explain your core business in a little simpler term?

Harita Vasireddi: We operate in two service segments, okay? One is the Contract Research and Testing. The other one is Contract Research and Development services for Biologics. In the Contract Research and Testing services, we have the CRO services, basically pharmaceutical services right from preclinical research to clinical research and CGMP analytical testing. On the testing side of the business, which we call the TIC portion of the business, we operate Food Testing services and Environmental Testing Services and Electronics Testing Services. Now these three are for quality and safety. And the Electronics, we also do EMI/EMC testing.

Aditya Khetan: Okay. Like how are they related, like Electrical and Electronic Testing and your Drug Discovery & Development Services?

Harita Vasireddi: Actually, it's a typical profile. If you look at all the international MNCs in this field, the profile is very typical.

Moderator: The next question is from the line of Avnish Burman from Vaikairya.

Avneesh Burman: Ma'am, I just have one question. In case you find a company with, let's say, complementary skill sets or complementary platform, is there a thought of a potential large acquisition or demerger so that you can increase your offerings to the same set of clients? Or like you did in the Biologics where you took a call to go on your own and build it organically, is that the motor for, let's say, newer platforms?

Harita Vasireddi: In theory, we think the company has reached a size where it can think of inorganic opportunities. So yes, the thought is there.

Avneesh Burman: Okay. And is there something which is actively on the table right now in order to -- because I mean, I'm just coming from the fact that you have a very healthy balance sheet and there are opportunities to grow in terms of either acquiring or any other such M&A?

Harita Vasireddi: No active opportunity on the table at the moment.

Moderator: The next question is from the line of Umesh Matkar from Sushil Financial Services.

Umesh Matkar: First of all, madam, congratulations on a decent set of numbers considering the current environment. I would like to know the current -- the total capex that the company has incurred for expanding this facility as well as on Biologics segment?

Harita Vasireddi: So, the facilities were created during the last 2 years. We have spent close to INR100 crores on creating around 200,000 square feet of lab space in Genome Valley, Hyderabad. And on the Biologics, the plan is to spend INR35 crores. We have spent around INR20 crores. The plan is to see if there is a need to spend the remainder this year. We think we may spend about INR10 crores out of the total INR35 crores budget that we have put for this project.

Umesh Matkar: Right. And also, if I observe last 5 to 7 years, the fixed asset turns have been around, say, 1x to 1.2x for the company. So, going forward as well, will it remain same? And also with Biologics, will the fixed asset turn improve going forward?

Harita Vasireddi: Those are the average numbers. And we think these average numbers will continue in the upcoming years also because this is one of the key criteria that even we apply when we are looking at new investments in terms of developing new capabilities.

Umesh Matkar: Okay. And ma'am, I missed the capacity, the capex that we have done on Electronics and Electrical segment, if you can provide?

Harita Vasireddi: That is about INR40 crores-45 crores, I think. INR40 crores.

Umesh Matkar: INR40 crores. Okay, thank you very much and wish you all the best.

Harita Vasireddi: Thank you.

Moderator: The next question is from the line of Yogesh, an Individual Investor. Please proceed.

Yogesh: Good evening. Thank you very much. Madam, last quarter we highlighted our intent to grow 20% to 25%. Correct?

Harita Vasireddi: You're saying we ended last quarter with 20%-25% growth?

Yogesh: Ma'am, in concall we mentioned you're aspiring for 20% to 25% growth this year, right?

Harita Vasireddi: Yes.

Yogesh: Right. And you rightly highlighted there are some Middle East issues. So, because of this issue, how much revenue you missed in this quarter?

Harita Vasireddi: Your voice is not clear. Can you be a little louder?

Yogesh: Yes, I am saying, in current concall you mentioned because of some Middle East crisis, we are not able to book revenues. So, how much revenues we missed or lost or maybe forward to next quarter, roughly?

Harita Vasireddi: I will answer that differently. In our food business, we have 50% exposure to domestic testing and also on the other 50% is exposed to either import samples or export samples of food. So, that is our exposure.

Yogesh: Okay. That is the food business. And ma'am, in terms of if I see basically pharma analytical, clinical research, and preclinical, electronics, electricals, all are very growing sector. So, it means the incremental development, if I remove the food and environment business, so how do you see? Because how much revenue you can see, and what is what percentage of value addition, we are doing? Because if I see the production number or maybe export number from electronics is completely continued to growing up.

But it is not reflecting in our kind of business because if you see Slide number 25, we mention one of the leading labs in South. So, it means the industry is also growing very similar to our growth or are I missing something? Because in preclinical, we are among top three and pharma analytical customers 90% of India top 20, 40 revenues from out. Something like that I'm saying is it, I'm missing something here? Because opportunity seems to be very big and I don't know where we are missing that part or do you see the pent-up demand will come in next two, three quarters?

Harita Vasireddi: See, the markets that you're talking about, they're all growing at a CAGR of anywhere between 8% to 11%. And our business units are growing at almost double that rate, more in fact in some services. So, I don't know why that concern is there. I feel we're doing very well. We are leader in most of our segments, and then every year we are gaining more and more market share. Now, coming to industry, electronics industry, this is actually the industry that has the lowest growth rate in India because it is still a sunrise industry. There's a lot of push from the government.

Still the growth rates are about 4.5%. But given this also, we had one EMI/EMC chamber when we created these capabilities four years ago. We added one more last year. We made it operational, I think, the last quarter of last year. That itself is an indication that we are also on the right track with respect to our investment. Now, because we ran out of capacity in the first three and a half years itself as per our plan. So, I don't see any disconnect with the market and company's aspirations and performance.

Yogesh: It means basically in full year 20% to 25% growth is still you're on track, and what is the miss we see in Q1 is largely due to Middle East crisis, especially in food and environment business?

Harita Vasireddi: Sorry, can you please be a little louder?

Yogesh: Madam, I'm saying 20% to 25% growth we are on track, and in Q1 we missed due to only Middle East crisis, right?

Harita Vasireddi: I wouldn't say Q1 we missed. You know, Q4 to Q1 is very challenging to maintain even the sales because Q4 tends to be high seasonally, whether it is food or consumption of the budgets by the Indian companies. So, if we are matching Q1 to Q4, I see it as a very positive sign for this year.

Yogesh: Okay. No, I am just referring from last year's Q1 to this year Q1, and just I agree it is not a very linear growth 20% to 25%. It means since you have given a reason of Middle East crisis, I thought there might be a 5%-6% of the gap because of this issue, and in remaining quarter we will catch up. Is it my understanding is correct?

Harita Vasireddi: Yes, we missed, we missed some business because of the issue. We could have done much better had this issue not been out there.

Yogesh: Okay, thank you very much.

Moderator: The next question is from the line of Chandpal Singh, an Individual Investor. Please proceed.

Chandpal Singh: Ma'am, my question is regarding the management bandwidth. Do we have the sufficient bandwidth for the businesses that we are going to pursue in future?

Harita Vasireddi: Yes. I say yes because each individual business unit is headed by a business leader with the respective experience and capabilities in those sciences and engineering fields. So, there is no deficit of management bandwidth.

Chandpal Singh: Okay, ma'am. Ma'am, any changes in dividend policy in the future, near future?

Harita Vasireddi: I think that will be announced if some change happens. As of now, no.

Chandpal Singh: Okay, okay. Ma'am, few quarters back you discussed about the container testing. You talked about container testing that was the quite high margin business, but Vimta was not doing that.

Harita Vasireddi: You mean product container.

Chandpal Singh: Ma'am, it was regarding some sort of container testing which other companies like Eurofins did.

Harita Vasireddi: Maybe you're referring to extractable-leachable?

Chandpal Singh: No, no, ma'am. It was something regarding food testing of the whole containers, and it was a quite high margin business.

Harita Vasireddi: I don't recall, sorry. You have to be a little more specific.

Chandpal Singh: Okay, ma'am. Thanks a lot.

Moderator: Thank you. The next question is from the line of Simar from Silvercoin. Please proceed.

Simar: Yes, thank you for taking my question once again, ma'am. Ma'am, my question is regarding your genetic testing infrastructure. So, I do understand that you already provide the BE and BA studies, but any clients who come to you for genetic testing as part of the same trial, what sort of percentage would you say that you turn away the work or you outsource the work to another lab? I do know that you do genetic toxicology, but I'm talking about the genome biomarker testing etcetera.

Harita Vasireddi: No, we don't do those tests. We had a diagnostic arm of the business which we divested two years ago. So, we don't do that.

Simar: Correct. So, how much of the percentage would you say would you outsource that right currently?

Harita Vasireddi: On genetics testing.

Simar: Yes, ma'am.

Harita Vasireddi: We don't outsource anything. I don't know if there are any projects where we do outsource, I'm not aware.

Simar: No, I'm just saying if any client who comes to you, and do you turn away that work or do you outsource that work?

Harita Vasireddi: I'm not sure. I'm not sure, really. You know, that's very operational. I wouldn't get into all that.

Simar: Okay, got it. Thank you. All the best.

Moderator: Thank you. Ladies and gentlemen, that was the last question for today. I would now like to hand over the conference to the management for closing comments.

Siva Rama Krishna: Yes, thank you. Thanks, Systematix for arranging this call, and thanks all investors for taking time this afternoon and asking us the questions. Thank you so much and have a good day ahead.

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

(This document was edited for readability purpose.)