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Vimta
Driven by Quality. Inspired by Science.

VLL\SE\070\2025-26
Date: 10.11.2025

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/Q2-2025-26 earnings/investor call held on 03rd November 2025.
Ref: Regulation 30 of the SEBI (LODR) Regulations, 2015.

Please find enclosed herewith the transcript of the FY/Q2-2025-26 earnings/investor call held on Monday, 03rd November 2025.

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,

For VIMTA LABS LIMITED

SUJANI VASIREDDI
Digitally signed by SUJANI VASIREDDI
Date: 2025.11.10 13:34:23 +05'30'

VIMTA LABS LIMITED
HYDERABAD-51

Sujani Vasireddi
Company Secretary

Encl: as above.

"Vimta Labs Limited

Q2 FY '26 Earnings Conference Call"

November 03, 2025

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 the Q2 FY '26 Earnings Call for Vimta Labs Limited, 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 is being recorded.

I now hand the conference over to Mr. Vishal Manchanda. Thank you, and over to you, sir.

Vishal Manchanda: Thank you, Sasha. Good evening, everyone. On behalf of Systematix Institutional Equities, I welcome you to the Q2 FY '26 earnings call of Vimta Labs. We thank the Vimta 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. Over to you, sir.

Siva Rama Krishna: Thank you, moderator. Good evening, and a warm welcome, everyone, to Q2 and H1 FY '26 earnings call of Vimta Labs Limited. Please note that the investor presentation and the financial results are available on the company website and the 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.

The conference call is being recorded, and the transcript along with 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 Kambhampati, Chief Financial Officer; 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 and half year ended 30th September 2025. Thank you, and over to you, ma'am.

Harita Vasireddi: Thank you, Siva. Good evening, everyone. Thank you for joining our Q2 and H1 financial year '26 earnings call today. We will start with a brief business update, and then our CFO will take

over to discuss the financial highlights for the period ended 30th September 2025. I'm very delighted to share that Vimta Labs has recorded highest ever quarter 3 sales revenue crossing a mark of INR100 crores with INR104.5 crores, making an upward shift of 22.3% on a year-on-year basis. This growth is a result of hard work by the entire Vimta team.

Pharmaceutical research and testing and food testing services are the major contributors to revenue growth, and these services continued to perform well in this quarter as well, while electronics and electrical testing and environmental testing services maintained steady performance. With the technological advancements, tightening quality norms and the rapid growth of the wellness sector, the spotlight on product quality and safety has never been stronger.

Equipped with the cutting-edge testing infrastructure and deep domain expertise, Vimta stands ready to harness emerging opportunities across pharmaceuticals, nutraceuticals, food testing, etcetera. Our pharmaceutical testing services continued to demonstrate strong performance this quarter, driven by sustained demand from both the domestic and international clients. We are happy to report that the clinical research division went through a successful WHO audit, reflecting our commitment to maintain strong quality and compliance in our operations.

Our food testing division experienced good growth during the quarter. The electrical and electronics division delivered a stable performance. We have commenced operations with the new testing chamber installed at our life sciences facility. With this capacity expansion, we are ready to drive growth from this segment as well in the coming quarters.

With respect to our biologics contract research and development services, I wish to update that the project is on schedule. Majority of the equipment and important vehicles have been ordered. The facility will be ready by the end of third quarter, post which we will take up qualifications of the area and equipment. So at this point of time, we are confident of commercializing these services by Q1 of financial year 2027.

With this, I would like to hand over back the call to Siva for him to discuss the financials.

Siva Rama Krishna: Thank you, Ms. Harita. A very good evening once again, everyone. We appreciate you taking the time to join our Q2 and H1 financial year 2025-'26 earnings call. I will begin by presenting an overview of our financial performance for the quarter and half year ended September 30, 2025.

Following that, we will open the session for questions. Before discussing the financials, I'd like to specify that in light of the divestment of our diagnostics and pathological services business announced on August 30, 2024, the figures for the previous period have been regrouped to enable a like-for-like comparison with the current quarter.

I will start with the financial highlights for the quarter. Total income for Q2 FY '26 stood at INR1,045 million as compared to INR854 million in Q2 FY '25, up by 22.3% year-on-year. EBITDA stood at INR369 million in Q2 FY '26 as compared to INR306 million in Q2 FY '25, up by 20.6% year-on-year. EBITDA margins for the quarter stood at 35.3%.

Profit after tax in Q2 FY '26 stood at INR199 million as compared to INR170 million in Q2 FY '25, a growth of 17.1% year-on-year. PAT margins for the quarter stood at 19.1%. Basic EPS in Q2 FY '26 was INR4.5. Coming to half yearly performance, total income for H1 FY '26 was at INR2,038 million as compared to INR1,610 million in H1 FY '25, up by 26.6% year-on-year.

EBITDA for H1 FY '26 was INR723 million as compared to INR572 million in H1 FY '25, up by 26.4% year-on-year. EBITDA margin stood at 35.5%. H1 FY '26 PAT was at INR388 million as compared to INR309 million in H1 FY '25, up by 25.5% year-on-year. PAT margin was at 19%. Basic EPS in H1 FY '26 was INR8.7.

On the balance sheet side, we continue to have net debt-free balance sheet with cash and cash equivalents, including bank balances of INR545 million. With that, we can now open the floor for Q&A. Thank you.

Moderator: The first question is from the line of Darshil Jhaveri from Crown Capital.

Darshil Jhaveri: Congratulations on a good set of numbers, sir. I just wanted to know that we've crossed the INR100 crores quarterly run rate, sir. So any kind of guidance that you would like to give for this year or next in terms of revenue and margins?

Harita Vasireddi: We don't issue any forward-looking numbers.

Darshil Jhaveri: So I'm saying that, okay, now we've reached INR100 crores run rate. So now going forward, will we have any capacity constraint? Or how would we ensure that our growth momentum continues that -- because you're investing in capex, right? So how will that kick in? And what kind of an asset turnover do we expect from the new capacities?

Harita Vasireddi: There are no capacity constraints that we envisage for the immediate future. Recently, we have taken up expansion of the infrastructure. So the infrastructure is available. The required resources in terms of manpower and equipment will be added as we are able to grow our revenue.

Moderator: The next question is from the line of Thadavarthi Sai Surendra, an Individual Investor.

Thadavarthi Sai Surendra: My name is Sai Surendra. I'm retail investor. Congratulations to the management for the strong Q2 performance and the steady growth in momentum. My question is, which service line will support higher growth in the next quarter, pharma testing or clinical service line or electrical testing. And as the exploration is completed and biological work is processing, can we expect even better growth for Q3 or Q4 financial year '26?

Harita Vasireddi: The growth we expect to continue from the pharmaceutical research and testing services and food services. These two anyway make up the larger portion of our revenue pie.

Moderator: The next question is from the line of Aditya Chheda from InCred Asset Management.

Aditya Chheda: I have 2 questions. First is if you can elaborate on the utilization of the Phase 1 of the new capacity and the status of the Phase 2 of our new facility any commercialization timelines that you would want to share?

And my second question is on the other expenses where we've seen a slight bump. If you want to elaborate any nature of expenses perhaps maybe related to starting of the new facility, etcetera. If you can comment on the nature of these expenses, that would be helpful. These are the 2 questions.

Harita Vasireddi: Yes. Coming to the first one about utilization, the new facilities that we have created, they are occupied and already commercialized. So we have built these capacities for a long time -- a long period. So even going into the next few years, we think as of now that these expanded capacities will suffice and will support the growth that we wish to pursue for the organization.

And coming to utilization in the Phase 1, there also, I think since we have built the Phase 2, some spaces have opened up there, but every space is more or less earmarked for the kind of activity that we wish to take up. And these spaces, we will start using from Q1 of next financial year.

Coming to the little spike in other expenses, I think the spike you see is because of the additional travel, we are infusing some energies into the business development overseas. So there, you see a little spike in expenses and probably some -- that's all.

Siva Rama Krishna: These are regular fixed costs that we are incurring, especially increased because of additional BD efforts that we are putting in.

Aditya Chheda: Got it. So if I have to attribute any number to utilization of Phase 1, it should be adequately utilized at this point of time. And only when Phase 2 comes online, we will see some step growth in revenue, if that understanding is correct?

Harita Vasireddi: I wish to correct that. Phase 2 also is underutilization, not the entire facility that we have created, but we have already begun using 50% to 60% of the additional space that we have created.

Moderator: The next question is from the line of Veer Vadera from Niveshaay.

Veer Vadera: We started with the clinical services not long ago, and we also in previous calls have mentioned on the strong pipeline on this side of services. And with the other expenses going up and you mentioning that it is majorly for business development purposes. So if you can maybe highlight more on the -- our pipeline, our conversion and when do we foresee maybe newer customers or newer orders on the clinical side? And anything on this, if you can comment?

Harita Vasireddi: Can you take that, Sreenu?

Satya Sreenivas Neerukonda: Yes. So clinical business is not new for us. We have been doing clinical for the last 33 years now. But what we were doing earlier was mainly healthy volunteer studies. What we initiated 4 years back is doing studies in patient population, which is being done in the hospital setups. And hospital setup does not require any major capex from our side. It is off-site. So it's mainly having the team in place and some regulatory software, which is also now available as a service model. So we don't anticipate a lot of capital getting in there.

Veer Vadera: And sir, from the presentation, we have incurred almost around INR47 crores capex outlay for this quarter. So maybe if you can give some color on -- because previously, our capex was bifurcated into maybe 3 portion like infrastructure and equipment. So how much of this INR46 crores, INR47 crores is spent on equipment funding?

Siva Rama Krishna: Sir, I just want to correct one thing. The INR47 crores of outflow is not for the quarter, that is for the half year.

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

Vishal Manchanda: My question is with respect to the capex that we are doing. So is this -- can you kind of -- while you would have done this earlier, but I still need some clarity in like how much you are spending on each vertical. So how much on pharma analytics, how much on biologics, how much on clinical research? So if you could break that up?

Harita Vasireddi: That's very granular information. Please excuse me, but I won't be able to share that.

Vishal Manchanda: Okay. But if you could directionally tell where is the largest capex going among the verticals?

Harita Vasireddi: We have expanded our capacities in pharmaceuticals, food, electrical and electronic testing. So capex has been spent on all these 3 verticals.

Vishal Manchanda: Okay. And while we kind of spend on this -- spend on capex, so is it with visibility that we spend on or you have some kind of client contracts that you back up this capex with?

Harita Vasireddi: Some capex is inherent to the capacities that we have added. Like, for example, if you have a building, you will need to spend on the equipment associated with the new space that is created, some of it. Some of it is, of course, because we have the visibility of the pipelines. So there is a play of both here.

Vishal Manchanda: Okay. Any update on the JNPT project? Is there a further traction there? And have we reached where we need to be there?

Harita Vasireddi: Yes. I would say we have reached where we were expecting to be there.

Vishal Manchanda: Okay. So probably we'll not see any further growth from JNPT?

Harita Vasireddi: As of now, I don't have any such information.

Vishal Manchanda: Okay. With respect to exports, so last quarter, it was 30%. So is the growth largely -- so is more of growth coming from exports or it is coming from the domestic markets for Vimta?

Harita Vasireddi: Both.

Vishal Manchanda: So the ratio remains -- exports would still be 30% and domestic 70%?

Harita Vasireddi: Exports have gone up slightly by, I think, a couple of percent in this quarter.

Vishal Manchanda: Okay. Okay. And with respect to the biologics business that we are foraying into, we'll be doing cell line development. Is that right? Or we'll not be doing the cell line development?

Harita Vasireddi: We are having the capabilities being built in to do even cell line development. So any portion of the large molecule development, we are putting in place the capabilities.

Vishal Manchanda: Okay. And you also have capabilities on analytical part?

Harita Vasireddi: That we already have.

Vishal Manchanda: You already have those capabilities.

Harita Vasireddi: Yes.

Vishal Manchanda: And there are -- there is a guideline that the U.S. FDA has recently issued draft guidelines regarding approving biosimilars without clinical trials, only analytical testing would suffice. So would we have the entire capabilities to kind of do the full package of analytical testing? And is it different for each biologic or they are broadly the same for all biologics?

Harita Vasireddi: We have the capability broadly for most of the requirements with respect to analytical. Some could be very product specific. So if that is the case, we can always onboard those technologies. But we have been having analytical capabilities for more than 7 years, 8 years now.

Vishal Manchanda: But do we have like relevant kind of experience in terms of servicing clients on those capabilities and our analytical studies going to the regulator?

Harita Vasireddi: Yes, yes. The team is very experienced.

Vishal Manchanda: Even on the biologics front.

Harita Vasireddi: Yes.

Moderator: The next question is from the line of Veer Vadera from Niveshaay.

Veer Vadera: For the follow up, around maybe from whatever the capex which we had incurred and we are anticipating maybe exit run rate for this financial year for maybe around INR500 crores kind of exit run rate which we are targeting. Given the current business environment, maybe due to tariffs and all the situation, would we want to reconsider our guidance or anything maybe you would like to comment?

Harita Vasireddi: We are still sticking to that goal that we have taken for ourselves. The tariff situations, I think, are more or less stabilized now unless something dramatically changes. That's the number that we are still targeting and pushing for.

Veer Vadera: Got it -- and ma'am, like for the business split, which we are mentioning that maybe exports have gone up a bit. So on the domestic front, like is it -- what sort of challenges are we currently facing maybe for the segment geographically not to maybe grow to that extent?

Harita Vasireddi: Sreeni, you want to take that?

Satya Neerukonda: Yes, I will take. Can you just repeat your question? Your voice broke while finishing the question.

Veer Vadera: So I wanted to know more on the analytics because even in the pharma analytical as majority of our revenue is coupled with preclinical and clinical. But on the domestic business front, maybe if you can throw some light on the business environment as of now?

Like are we facing any challenges because even in the regulatory bodies, there have been some changes where maybe only maybe pre-COVID, not post-COVID, only onetime analytical testing is to be done. So there have been some regulatory changes also which have been maybe affecting our business. So I wanted to know more on this side of things, like how has the business environment been domestically?

Are we facing any challenges maybe due to the regulatory bodies or any changes in regulations? If you can comment on that and maybe give some outlook on the near future, how do we see things to evolve from here? That will be really helpful.

Satya Neerukonda: Yes. So as such, there is no regulation change that we know of. Pre-COVID or post-COVID, the regulations remain the same. So that is not impacting anything either for the manufacturing segment, R&D segment or for the testing segment. So nothing has changed as of now.

And the landscape is good. I mean, the companies are getting more into complex product development, biologics, peptides, a lot of manufacturing for these products is now happening in India. There are some big MNCs who have set up big fill/finish centers in the Bangalore region, Hyderabad region, Bombay region. So outsourcing business in general is good for these segments.

And as this is happening, testing requirements increase as fill/finish is done at a their or third party site and for testing, they need independent laboratories. So in general, pharma is growing. I mean there is no slowdown or anything of that sort. And India being a very big generic player, so there's no noticeable impact.

Harita Vasireddi: Can we have the next question, please?

Moderator: The next question is from the line of Aditya Chheda from InCred Asset Management.

Aditya Chheda: Can you talk more about the strategic expansion in the biologics segment, if you can lay some outlook for the same? And if you can call out the capex estimate number for '26-'27, that would be helpful.

Harita Vasireddi: The capex that we have planned for biologics this year, we are expecting an outlay of around INR25 crores, maybe a similar amount around that range for next year as well. And the strategy is to basically integrate all the services that we have, which is right from preclinical to clinical research and the entire analytical component and backward integrate it to formulation development for the biologics.

So we have all the content pieces, which are more expensive part of the development process. The idea is to, with this backward integration, one-stop provider for our customers. That's the basic strategy.

Aditya Chheda: Right. And can you call out the total company-level capex estimate that you would have planned for '26, '27?

Harita Vasireddi: '26, '27, I don't yet have the company numbers. Biologics, we know we are going to spend over a period of 2 years, and that's why I have that breakup. But I will have capex numbers for next year only around March time.

Moderator: The next question is from the line of Samir Palod from AUM Fund Advisors LLP.

Samir Palod: I'm a little new to the company. Is it possible to just give us a steer on the revenue breakup between the 4 verticals, even just broad numbers, which is the -- I understand pharma is, but just what is number 1, 2, 3, 4 for you?

Harita Vasireddi: Pharma is number one, wherein we offer preclinical research services, clinical research services and analytical research and testing services. So that's...

Samir Palod: And how much would that be of the total revenues approximately?

Harita Vasireddi: It will be around 65% of the total revenue.

Samir Palod: Okay.

Harita Vasireddi: And then food comes next. This is around 20%, food testing.

Samir Palod: Okay.

Harita Vasireddi: And remainder two services are quite small. We call them environmental testing services and electronics testing. So they are the remainder.

Samir Palod: Environment and electronics are the smaller ones. And from a margin perspective, overall company level is 35%. Would like pharma and food be significantly higher and electronics and environment be slightly lower? Would that be a fair understanding?

Harita Vasireddi: More or less, I think they're all fairly close to each other, except barring maybe environment where the margins are not that great. But otherwise, the margins are more or less similar because there is a mix of services in all these verticals. There are some low-margin services, there are some very good margin services. And because of this mix, we are able to see the numbers close to each other from all these verticals.

Samir Palod: So margins are fairly similar across the verticals, it would be fair to say, except maybe environment, but which is very small.

Harita Vasireddi: Yes, more or less, yes.

Samir Palod: Okay. And just if you would like to fast forward the next 2, 3 years, where would you see the maximum growth coming from in these verticals, be it pharma, both preclinical and clinical and food and electronics and environment -- just directionally, which would which do you think would grow the fastest?

Harita Vasireddi: I think when you look at the market, the growth rates of all these sectors is around 7.5% to around 9%. So given that the numbers are close there, we also think that all these services will grow well, more or less at the same speed, but some services occupy a large portion of our pie.

Maybe smaller percentages for those bigger revenue pie will be bigger growth rate -- sorry, bigger absolute numbers. Environment, I don't think we will see any great growth rate. But the other 3, pharma, food and electronics, they all should grow well.

Samir Palod: Understood. So if the sector is growing at 9% and you've grown quite consistently at 20%, 25%, what does that mean? Does that mean that you're taking away market share? If you can also talk about the competitive landscape?

Harita Vasireddi: Yes. For some services, probably we are taking away market share from others. But for us, when we are looking at overseas market, that's new business for us. That is also somebody else's market share, but we would call that new business for us, overseas business.

Samir Palod: So who would typically be your overseas competitors from whom you are gaining market share and a few players in India that you compete with? That will be my last question.

Harita Vasireddi: Given the diversity of services that we have, the competitors are also several. For example, overseas, typically, when we are bidding for contract research services, we are competing with our own counterparts in India and maybe some European -- few European and American CROs.

And then when you talk about food testing, the growth is coming mostly -- for us, it's actually fully domestic. So some of it is, of course, coming from the growth of the market. Some of it is coming from the market share of maybe our other competitors.

Samir Palod: Can you name a few competitors within India that you usually come up with against in pharma and food?

Harita Vasireddi: In food, you have all the multinationals here in India, whether it is SGS or Eurofins or Intertek or Bureau Veritas, all these companies are there.

Satya Neerukonda: Yes. A lot of them. There's SGS, there's Eurofins, there is Covance, you have Charles River. So for each of our segments, we have multiple competitors in that area.

Samir Palod: Okay. Understood. It's mostly foreign companies, foreign consultants in India.

Satya Neerukonda: For food, a lot of European companies which are there in India, they are our competition and then you have some domestic ones as well. In pharma too, you have domestic as well and when you go outside, there are these international CROs who are competitors.

Moderator: The next question is from the line of Dhwanil from I-Wealth Fund.

Dhwanil: Congratulations on a good set of numbers. Ma'am, just wanted to check on the capex part. I think earlier call, we were guiding for INR100 crores capex in this year. And then we've -- in the first half, we've already spent INR45 crores to INR50-odd crores. So for the full year, for the current full year, INR100 crores is our target? Or do you think we'll exceed that now?

Harita Vasireddi: I don't think we will exceed, but looks like we are on as per the plan.

Dhwanil: Got it. Got it. And ma'am, just on the overall tariff side, I think last when we were having some conversations. So there are a lot of uncertainties which were there. So if you can just help us understand how is the current scenario? And how are you seeing demand for us?

Satya Neerukonda: Constraints in terms of market opportunities, we don't see and anyway, we are expanding our global reach. So not a challenge at this situation, at least for our pharmaceutical line of business. For some of the budding businesses, yes, we have to still increase our visibility and make our mark mainly for the electrical electronic business, but we are also doing good in that area. We have already doubled our capacity, as we mentioned last time. So there are positive signs coming from multiple industries, which need the electrical and electronic product testing services that we offer.

Dhwanil: Got it, sir. So sir, the new facility which has come up is more on the food and the electronic side of it.

Satya Neerukonda: Go ahead, complete.

Dhwanil: Yes. So sir, I just wanted to understand and on the pharma side, we've kind of got a lot of machines, but slowly, we are going to ramp that up, if my understanding is correct?

Satya Neerukonda: **T**he capacity increase is for all the verticals. We have increased our capacity in food testing. We have increased our capacity for electrical & electronics testing . There is increased capacity for preclinical . And as some of the departments have moved to the new facility, we have also created more capacities for GMP testing for small and large molecule testing. So there is an overall capacity increase for all our major verticals. There is no constraint in terms of machinery or in terms of space for now.

Dhwanil: Okay. And so sir, we were highlighting that the newer machines and the revenue we are expecting to come from first quarter FY '27. So that is more on the biologics side of the business?

Satya Neerukonda: Yes, on the biopharma side of the business.

Dhwanil: On the biopharma...

Satya Neerukonda: **Yes,** from for the new service area - the formulation development service for large molecules. The existing line of analytical services for the biopharma products is doing well, and continues to grow.

Moderator: The next question is from the line of Pravesh Kochar from FourLion Capital.

Pravesh Kochar: So now that the BIOSECURE Act is passed and it's in a slightly diluted form than what was expected, let's say, a year back, as you do your business development efforts globally, what are you hearing from some of those MNC customers in terms of where they are at in terms of outsourcing their CRO operations to you?

Satya Neerukonda: We have already seen a lot of companies setting up shops in Hyderabad and elsewhere in India, at least the top 5 or top 6 of the global biotech companies have already announced - Merck , Sanofi, Amgen, Lilly, Johnson & Johnson, GSK among others.

So some of them are working with the Indian partners to set up manufacturing operations here. Some of them are setting up global capacity or clinical centers. So that's what is happening. We have already engaged with one of these major company. We are also in discussions with one more. So I think as we wait and watch, once the manufacturing starts, then the requirement for third party CRO testing will increase.

Pravesh Kochar: And do these companies have any plans of doing the analytical testing also in-house? Or is there some regulatory requirement that it has to be done independently, whether it's to you or one of your competitors?

Satya Neerukonda: Innovator companies do not tend to have testing and manufacturing at the same third party site, especially for new products. As they working with multiple third-party vendors for manufacturing, the demand for independent analytical services is always there, which is a positive for us.

Pravesh Kochar: Got it. Our analytical segment, is it fair to say the test that you do would largely go to the CMC section of the regulatory drug filings that these innovators do? Or is it more diversified across the development cycle? Like if you can give some more color where the analytical testing is really used for the innovators?

Satya Neerukonda: Our services are targeted towards both segments. We support R&D development programs and also the CMC testing. Some of our services are for research during development and some of our services are during the discovery phase and some are during the CMC filing phase, the product release phase.

Pravesh Kochar: Got it. And on the clinical research segment, if you can give us a sense of active trials that you are having right now in the non, sort of, the patient population, not the healthy population and how that has been scaling up over the last 2, 3 years?

Satya Neerukonda: We have already completed one trial successfully. That was our first full-scale trial, and the sponsor has submitted the report to the European agencies. We have initiated 2 more studies this year.

Order books look good, pipelines are good. And because it's a new business, I think the proof was in delivering the first project successfully, which we did. It has got good feedback from the client for whom we did the study. And as I said, 2 new studies we have already initiated.

We have also intensified our BD operations for supporting the clinical trial business. And in India, if you look at the competitive landscape, independent or stand-alone clinical trial business who are doing the patient PK studies are recording good growth in their businesses. So yes, it is a good business segment to grow.

Pravesh Kochar: Got it. If I can squeeze just one last one on the biologic CDMO facilities that you are setting up. I just want to understand the driver of it. Did our customers ask that we backward integrate into formulations? Or what was the thought process versus just sticking to pharma analytics, which we have already been doing for about 8 years, as you said?

Satya Neerukonda: The push from our cleints to support formulation development has always been there, mainly on the small molecule side, but we never ventured into that area till now. So yes, the new service line is an integration, and we are doing it as there's a lot of interest and demand in the domestic and global market for supporting the peptide development or biosimilar, vaccine and biologics development. There's a lot of space also available even for companies who are just venturing in. Clients always want support in cell line development, product development etc and they want to outsource these activities to experts.

What was happening in small molecule space in terms of outsourcing product development, has come to the large molecule space as well. So it was the right time to get into development services, and that was the reason we ventured into the biopharma or large molecule research and development support services. It completes the whole life-cycle. This is the first time we are getting into formulation development and the right time because we have already 6-7 years of experience in the analytical support services for large molecules.

We see the demand growing. We see the products growing. More and more products are getting added, more and more products are getting off patent. So companies want to have a bigger share in this pie. And the outsourcing is definitely increasing in this research and development support space.

Moderator: The next question is from the line of Veer Vadera from Niveshaay.

Veer Vadera: My questions were answered.

Moderator: The next question is from the line of Ramachandra Godkhindi from an Individual Investor.

Ramachandra Godkhindi: Sir, my question is on the electronic testing. So last quarter, I remember that you were telling -- you had some discussions going on with the defence. Is there any update on any orders or anything on that one?

Satya Neerukonda: We have been supporting defence industries for more than 2-2.5 years. It's has been continuous work from this segment. We are adding more and more clients in that area.

Ramachandra Godkhindi: Okay. Okay. Yes. And typically, what -- how is the margin profile different from your normal electronic testing here in defence?

Satya Neerukonda: From the other businesses versus electrical electronics?

Ramachandra Godkhindi: For the defence -- just on defence side, how is the margin profile there when compared to other electronic testing?

Satya Neerukonda: I may not have that information, but I think it's, in general, the same across industry because it's a niche testing area.

Ramachandra Godkhindi: Okay. Okay. Sir. And my second question is on your -- this one. Since your large revenue comes from pharmaceutical, so can you tell me about how is like the order pipeline, whether it's largely more from the innovator side? Or is it the other way CMC that is coming -- giving you a lot of revenue?

Satya Neerukonda: So most of our businesses in the pharmaceutical area support the generic product development. The generic product pipelines are definitely stronger. Preclinical is the area where we support discovery. And there, it's a 65% - 35% split between discovery ; and generic, specialty chemicals, regulatory support work.

Ramachandra Godkhindi: Okay. Sir, my last question is on the industry. So when we look at industry, a lot number of biotech companies and innovator companies are now focusing on the large molecule discoveries and innovation. So is your company is also moving towards that one only in the long-term strategy that you also want to move towards large molecules only going ahead or do more of research and testing towards the large molecules only?

Satya Neerukonda: Definitely because we don't want to miss the bus on large molecules. And that's why the development setup that we have put is to support both the new biological development as well as the generic biological development. And anyway, we have research platforms set up in our preclinical, clinical and analytical verticals to support product development.

Moderator: The next question is from the line of Sushank Chaudhary, an Individual Investor.

Sushank Chaudhary: Congratulations on good set of numbers. So my first question is, is there any improvement in testing facilities in your side? So in my perspective, are there any expansion in testing quality and speed? And are you using any type of new technology in testing in pharmaceuticals or food or other products as well?

Satya Neerukonda: We always keep an eye out for deploying latest technologies or equipment, which would fasten the testing process, reduce the dependency on manpower. So its a continuous evolution which instrumentation manufacturers keep doing and then on our part the deployment or implementation of these technologies in our work stream to enhance productivity. Vimta has always been an early adopter for any new technology initiatives.

Sushank Chaudhary: My second question is, is there any other ideas to expand other than CMO?

Satya Neerukonda: CMO/CRADS (Contract Research and Development Services) is the new expansion. We are already a CRTO. CRADS is a new vertical that we added now. And for future we are always on look out for any inorganic growth opportunities in global markets.

Sushank Chaudhary: Okay. So my final question is, are there any PAT margin improvements in future? Or is it going to remain at 19%?

Satya Neerukonda: Can you take this, CFO?

Harita Vasireddi: These are very good margins. We don't expect to see higher ones than these.

Moderator: The next question is from the line of Anand Agarwal, an Individual Investor.

Anand Agarwal: My question is more fundamental in nature and pardon me if I sound a little naive, right? But why would an innovative company go to Vimta Labs for their testing and not go to like a Sai Life for an Anthem Bio, which provides end-to-end services from testing to manufacturing, right? So what is the value proposition that we bring to the table?

Satya Neerukonda: Innovator companies are very, very secretive about their product development, because it's a competitive world out there. Companies developing innovative products, even for a single API development, work with more than one outsourcing partner during the discovery and development phase of their innovative products. So it's by nature of that industry that they don't want to keep everything in one place for IP protection purposes.

What usually happens in Sai's or Anthems and all the work that you are talking about is the initial screening process. Screening process is done there because these companies are also doing a lot of chemistry work, they are giving out a lot of molecules every week, every month. So the initial screening, is generally kept there. But after that, once it moves to a product optimisation phase or development phase, then the work gets distributed. That's a common trend in the innovative industry.

Moderator: The next question is from the line of Sanket Gupta, an Individual Investor.

Sanket Gupta: I have a question regarding the food testing. According to me, the food testing industry is very small compared to developed countries. And I think Indian consumers are becoming more and more aware about the food quality and levels and all that. So do you think that this industry can grow faster if government agencies will push for more regulations and stricter guidelines?

Satya Neerukonda: Definitely, if you have government on your side, strong regulations, it's definitely going to increase business for testing services providers..

Sanket Gupta: And if…

Satya Neerukonda: If you look at the food industry, the Food Safety and Standards Act, that's a move in the positive direction.

Sanket Gupta: Okay. And if any company is developing new products like the Indian consumers are getting more aware about protein and all that sugar in the products. So do you think that if new products are getting developed, then this will also create a better opportunity?

Satya Neerukonda: Definitely, because when you see the bigger companies, they would invest in lot of R&D for developing new product, but there are also a lot of small and virtual companies which keep

coming up in the food segment and the pharma segment. They need a lot of support in the product development. And when they're getting into these niche areas or newer areas, the right way to go is to taking support from CROs who provide such services.

Sanket Gupta: Okay. That means my understanding is correct that this will push the industry to good growth and all.

Moderator: As there are no further questions, I would now like to hand the conference over to management for closing comments.

Harita Vasireddi: Thank you. So thank you once again to all the participants who have joined this call today. Good questions, appreciate them. I also want to thank Systematix Institutional Equities, Vishal Manchanda for hosting this call. Have a good evening, everyone. Bye-bye.

Satya Neerukonda: Thank you. Bye-bye.

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

(This document was edited for readability purpose.)