Operator: Ladies and gentlemen, good day, and welcome to Vimta Labs Ltd. Q2 FY27 Investor Earnings Conference Call, hosted by Systematix Institutional Equities. As a reminder, all participant lines will be in 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 now being recorded. I now hand the conference over to Mr. Vishal Manchanda from Systematix Institutional Equities. Thank you, and over to you, sir.

Vishal Manchanda – Systematix Institutional Equities: Thank you, Sanam. On behalf of Systematix Institutional Equities, I welcome you to the Q2 FY27 earnings call of Vimta Labs. We thank the Vimta Labs management for giving us the 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 now hand over the call to the company management for opening remarks.

Siva Ramakrishna Kalambhotla – Chief Financial Officer: Thank you, Vishal. Good afternoon to you all, and a warm welcome to our Q2 and H1 FY27 earnings call of Vimta Labs Ltd. Please note that the investor presentation and the financial results are available on the company's website and the stock exchanges. Also, anything that is said on this call which reflects our outlook for the future or which could be construed as a forward-looking statement must be reviewed in conjunction with the risks that the company faces.

This conference call is being recorded, and the transcript, along with the audio of the same, will be made available on the website of the company, as well as on the stock exchanges. Please also note that the audio of the conference call is the copyright material of Vimta Labs Ltd., and it cannot be copied, rebroadcast, or attributed in the press or media without the specific 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 Ramakrishna Kalambhotla, Chief Financial Officer, that is myself; and Ms. Sujani Vasireddi, Company Secretary.

Now, I would request Ms. Harita Vasireddi, Managing Director of Vimta Labs Ltd., to provide you with the updates for the quarter and half year ended September 30, 2026. Thank you, and over to you, ma'am.

Harita Vasireddi – Managing Director: Thank you, Siva. Good afternoon, and once again, welcome to our Q2 earnings call. I would like to begin with our business performance and the opportunities we see ahead, following which I will hand it back to our CFO, who will take you through the financial results.

I am pleased to share that we delivered an improved year-on-year performance during the quarter, with our revenue growing by approximately 10% year-on-year in Q2, with margins improving by around 10.5% over the same period. On a sequential basis, revenue was broadly stable compared with Q1, and this timing is a reflection of longer customer decision-making cycles.

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Our focus for the next phase is to translate the strong base we have built into stronger revenue momentum while sustaining profitability. In the pharmaceutical space in particular, engagement with customers remains strongly active despite the longer decision cycles. We remain encouraged by the growth in inquiries and our proposals during the quarter, and our pipeline of active opportunities is promising. We are focused on converting these discussions into business.

The broader pharmaceutical market remains constructive, with pharmaceutical exports reaching a record $31 billion in FY26 and growing at almost 7% in the first quarter of this year. Global CRO demand also remains resilient, supported by R&D outsourcing and the growing complexity of drug development. India continues to strengthen its position as a preferred global research and testing destination, backed by scientific talent and cost competitiveness. This provides a supportive backdrop for our pharmaceutical services over the medium term.

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

A key milestone during Q2 was the commencement of revenue generation from our biologics services. This marks our move from established capabilities to commercial delivery. While the business is at a very early stage and its revenue contribution is currently very modest, we are in active discussions with prospective customers. Our immediate focus is on progressing these opportunities and building a strong commercial foundation. We see biologics as an important avenue to broaden our pharmaceutical services portfolio and support growth over time.

Across drug development more broadly, technology adoption in areas such as artificial intelligence, biosimulation, and advanced preclinical models is steadily transforming workflows, creating opportunities for research partners with strong scientific and testing capabilities.

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

Our electronics testing business remained stable during the quarter, with business continuing from existing customers, including defense OEMs and manufacturers. The industry outlook is encouraging. Electronics exports are up about 39% this fiscal year. Domestic component manufacturing continues to deepen. The defense budget has increased with a clear emphasis on domestic procurement, and electric vehicle registrations are growing at nearly 90%. These trends are expanding the need for EMI/EMC, reliability, and certification testing. As shared on our earlier calls, we have expanded our Hyderabad capacity to position the business to capture these opportunities.

Looking ahead, we expect improvement in CRDS, which is contract research and development services, for large molecules, and clinical research during Q3 and Q4. This is supported by a healthy pipeline of active customer discussions on proposals. The pace of improvement will depend on the

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conversion of these discussions into executable projects, which remains our key operational priority.

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

The broader growth in pharmaceutical exports, electronics manufacturing, defense localization, and electric mobility reinforces the long-term opportunities across our portfolio. While regulatory complexity, talent availability, and competitive intensity require continued focus, the industry's long-term fundamentals remain favorable. We are confident in the capabilities we have built and their potential to deliver sustainable growth, and we will continue to keep you transparently informed of our progress.

Thank you for your continued interest and support. I will now hand over to our CFO to discuss the financial performance, following which we will be happy to take your questions. Thank you.

Siva Ramakrishna Kalambhotla - Chief Financial Officer: Thank you, ma'am. Again, a very good afternoon, everyone. Thank you for joining the Q2 and H1 FY27 earnings call. I will begin by presenting an overview of our financial performance for the quarter and half year ended September 30, 2026. Following that, we will be taking questions.

I will start with financial highlights for the quarter. Total income for Q2 FY27 stood at 1,149 million, as compared to 1,045 million in Q2 FY26, up by 9.9% year-on-year. EBITDA stood at 408 million in Q2 FY27, as compared to 369 million in Q2 FY26, up by 10.5% year-on-year. EBITDA margin for the quarter stood at 35.5%. Profit after tax in Q2 FY27 stood at 206 million, as compared to 199 million in Q2 FY26, a growth of 3.5% year-on-year. PAT margins for the quarter stood at 17.9%.

For the half year, total income for H1 FY27 stood at 2,278 million, as compared to 2,038 million in H1 FY26, up 11.8% year-on-year. EBITDA stood at 819 million in H1 FY27, as compared to 723 million in H1 FY26, up by 13.2% year-on-year. EBITDA margins for the half year stood at 36%. PAT in H1 FY27 stood at 417 million, as compared to 388 million in H1 FY26, a growth of 7.3% year-on-year. PAT margins stood at 18.3%.

Coming to the balance sheet, we continue to have a net debt-free balance sheet with cash and cash equivalents of 701 million. As stated in our last conference call, we have budgeted approximately 80 crores for capex for FY27, which includes maintenance capex of around 45-50 crores. The remaining investment will primarily focus on strengthening our analytical capabilities and expanding current 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.

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Operator: Thank you very much. We will now begin the question-and-answer session. Anyone who wishes to ask a question may press star and one on their touch-tone telephone. If you wish to remove yourself from the question queue, you may press star and two. Participants are requested to use handsets while asking a question. Ladies and gentlemen, we will wait for a moment while the question queue assembles.

The first question comes from the line of Aditya Chheda from InCred Asset Management. Please go ahead.

Aditya Chheda – InCred Asset Management: Hi. The question is on growth. Revenue growth is down to 10% in Q2 versus 20% in FY26, after a [cut off]

Aditya Chheda – InCred Asset Management: The capex of {? 100 crores ?} last year. So, if you can provide some outlook on the utilization of the new capacity and what revenues it will support at maturity, and if you have any outlook on revenue growth. The second question is on gross margins and other expenses, whether there was any reclassification between the two lines. If not, if you can explain what drove the decline in gross margins, whether it is service mix or pricing pressure, and so on. Thank you.

Management: Regarding revenue growth, I completely agree with you that it has been more or less stable. But the reasons are more external rather than anything to do with Vimta's ability to deliver growth. We see a certain lull in the R&D pipelines on the pharma side. This lull is not something that happened just in Q2. We have been observing this even in Q1. But we now see signs of recovery. Requests for proposals have started picking up in the previous month. We are optimistic that the rise in inquiries and the RFPs that we have submitted will be converted into executable projects in the near future.

As such, we do not give out any outlook for future quarters, but optimistically, the future quarters would be better, and typically that is the case as well. Between H1 and H2, H2 tends to always do better.

In addition to pharma, there is also a bit of a headwind on food, and we discussed this in Q1 too. The export and import of samples have been badly affected. Given the rise in shipment costs and insurance costs, the exporters have been deploying various shipping strategies. Where we used to draw maybe 20-25 samples from a shipment, they are now drawing only about two or three samples. That is the kind of reduction that has happened in export-related samples.

Import-related food samples were also severely impacted, but we are seeing signs of recovery, and we are hopeful that this recovery will continue and hopefully return to normal levels in this quarter or later, by Q4. These are some high-level factors due to which we are observing a little bit of flatness quarter-on-quarter.

This is where the strength of Vimta materializes: the strength of our multi-service portfolio, which is what we are experiencing now. Because we are diversified, we are able to handle the headwinds coming from some directions. Overall, there is still growth, and I am quite optimistic that in the future we will see better results.

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Coming to the gross margin, there are no reclassifications.

Management: The slight correction in gross margin is as anticipated. We have been discussing in earlier calls that because of the additional capacity that we have installed, our margins can see a slight correction. That is one thing. Another thing is that there is a slight increase in material consumption as well. Otherwise, there were no reclassifications in the P&L.

Management: There was a question on utilization; I am sorry, I missed answering that. Regarding utilization, for us, capacity is three-dimensional. The elements are people, equipment, and laboratory infrastructure. The 100-odd crore investment was in infrastructure. That infrastructure was built to cater to the company's growth for at least 5-7 years.

Equipment and people, we add as needed to grow capacity or upgrade technologies. We add equipment as required. Utilization would be quite good; otherwise, we would not be adding capacity there.

Having said this, we have also invested in some newer capabilities. For example, our track services for biologics are a newer investment. We have invested about 25 crores there. This is a new business. As we speak, we are in the middle of discussions with some promising customers, and hopefully those opportunities will materialize in the upcoming quarters. But this business will take time. For it to become substantial, it might take a couple of years.

Aditya Chheda – InCred Asset Management: Okay. Thank you very much.

Operator: Thank you. A reminder for all participants: if you wish to ask questions, you may press star and one on your touch-tone telephone. If you wish to remove yourself from the question queue, you may press star and two. The next question comes from the line of Madhuri Rane from MR Capital. Please go ahead.

Madhuri Rane – MR Capital: Thank you for taking my questions. You mentioned an improvement in the preclinical business. Could you quantify the growth or perhaps provide some qualitative updates on the same?

Management: We do not give out segment numbers, so I will not be able to give you the specifics. Preclinical business is one of our largest growth drivers, and that has been growing quite well. Just to give high-level numbers on the growth, over the last 4 years we have been experiencing a CAGR of almost 30% in this business. It is one of our strongest services even now.

Madhuri Rane – MR Capital: Okay. My next question is on environmental testing services. I understand only ETP and services are being provided. Do you envisage any other services in this segment going forward?

Management: No, I think we will stick to ETP and for now. But within ETP itself, we are trying to focus on high-value services where higher technologies are deployed.

Madhuri Rane – MR Capital: Okay. How is the biologics business progressing? Are there any new orders or updates that you can share?

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Management: We are already working on the initial orders that have been booked. Right now, we are talking with multiple clients, and we hope to onboard at least a couple more in this quarter.

Madhuri Rane – MR Capital: Okay. One last question: has the number of samples for NFL improved? If so, could you quantify the growth?

Management: It is definitely better compared to the numbers we saw in April and July. In those months, we were operating at only around 30–40% of normal levels. Now it has picked up. I think there is still room for it to return to the earlier volumes, but even now we are operating at around 60–70%.

Madhuri Rane – MR Capital: Okay. Great. That is it from my side. Thank you very much.

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

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

Management: Biologics, as I have just responded to the earlier person, will take a couple of years to become significant for us. Having said that, there are some very exciting opportunities that we are exploring. If they materialize, then we should be able to make a good mark on the top line through biologics in the first 2 years itself.

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

Management: Yes, it is a big cross-selling opportunity, and that is the strategy we are deploying.

Renga Varshini – Wealthfield: Understood, ma'am. On the EBITDA margins side, we have remained broadly in the 35–36% range during H1 FY27. Considering the current cost structure and operating expenses, do you expect the margins to sustain at these levels going forward, or do we see some moderation in the coming quarters? That is my question, ma'am.

Management: In the coming quarters, we may not see a shift in any significant manner, but over the medium term there is a possibility of a correction of around 100–200 basis points. This is more to do with the service mix rather than input costs. The economies of scale that we will have as we improve the top line would help us offset other costs such as manpower and materials.

However, since our service mix is moving a little more towards biologics, especially in the near future, that could impact EBITDA.

Renga Varshini – Wealthfield: That is it from my side, ma'am. Thank you, and all the very best.

Management: Thank you.

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

Rupesh – Long Equity Partners: Hello, ma'am. Thank you for the opportunity. My first question is that we have roughly 1,400 employees, I think. That number has not moved a lot over the last 2–3 years. What kind of employee growth are we factoring in for this year and next year? That is one question.

The second part is, out of these 1,400 employees, how many work under an FTE model, to get a sense of how the FTE-led business is doing?

Management: Actually, employee numbers not moving up is a very good indicator when the top line is moving. If you correlate both of them, it is a very good indicator that the laboratory is able to operate more productively and efficiently.

Our goal is actually to stay at this number. Maybe that will take a couple of years to stabilize, but given the tools and technologies that are now coming into this space, there is an opportunity to increase the efficiency and productivity of the people and processes. That has been our endeavor, and we work on this continuously.

Coming to the FTE numbers, out of these 1,400, it is very low. It could be less than 5%.

Rupesh – Long Equity Partners: Okay. One corollary to that is whether, with productivity gains, we can see employee costs going down to, let us say, 25% in the next 2 years. Currently, I think it was at 28%. With revenue growth and employee costs, obviously, there will be some salary hikes, but [cut off]

Rupesh – Long Equity Partners: Do you see it going down to 25–26%?

Management: No, what it would do is offset that cost increase because manpower costs are increasing steeply in the industry. We are doing very well if we are able to offset it, and that is what we have been experiencing so far.

Rupesh – Long Equity Partners: Okay. The second question is on biologics. Can you give some sense of the average ticket sizes that we could reach once this business gains more customers? My understanding is that even to develop a biosimilar, the entire budget is sometimes $30 million to $50 million. So it is not a low-budget activity like a chemical entity or chemical molecule.

Out of that, let us say $30 million to $50 million, can we get ticket sizes of, say, $3 million to $5 million as this business progresses?

Management: [pause] Srinivas, can I request you to please answer that?

Srinivas: Hi, Srinivas here. Regarding ticket sizes, you are right. Budgets are bigger for biologics and biosimilars compared to small molecules and generics. The ticket sizes vary depending on where we are associated with the development process.

If it is only for yield realization or only for some process improvements, the ticket sizes could be anywhere from $100 to $150,000. They could be 100 lakhs to 125 lakhs in that range.

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If you are talking about developing a full biosimilar up to lab scale, then the project sizes could be anywhere from 4 to 7 crores and upwards.

Rupesh – Long Equity Partners: I see. The final question is that we have done quite a bit of capex in March 2024, March 2025, and March 2026. I think it is roughly 250 crores of capex, and this year there is another 80 crores of capex. So that is roughly 325–330 crores of capex.

However, we have not seen revenue growth in that proportion. Even assuming a 1:1 asset turn, we have not seen that kind of growth. When can we see that growth, and what do we need to do to drive that growth?

Management: [pause] Here, I think we have to understand the nature of the capex that has been invested. About 100 crores or so is for the building. We were running out of capacity post-COVID. We were literally putting our equipment in the corridors. After COVID, we started building this project. It took us 2 years. So now we have the space for future expansion.

That 100-odd crores is an exception. Likewise, biologics is a new capability. We have invested about 25 crores there. That is also an exception, and these kinds of exceptional investments are needed, especially when you are adding newer capabilities to the organization.

Otherwise, historically, the company typically tends to spend the depreciation amount of the previous year in the next year. That is how it works.

Rupesh – Long Equity Partners: Okay. But when will these capacities start contributing meaningfully to revenues?

Management: As I said earlier, these capacities are meant to facilitate growth for the organization for at least 5–7 years. You may not see us requiring additional lab space for our existing services for the next 5–7 years.

It will take time to get a return on the building that we have built. But with equipment, typically, when we add equipment year after year, we also look at a 1:1 return ratio.

When we are investing in capex for a new capability, that will take time because every new capability has an incubation period. Here, we expect a 1:1 return to come through for biologics perhaps by the third year. That is our expectation. If we are able to move faster, maybe we will see that even in the second year.

Rupesh – Long Equity Partners: Okay. Thank you for answering my questions. All the best.

Management: Thank you.

Operator: Thank you. A reminder for all participants: if you wish to ask a question, you may press star and one on your touch-tone telephone. A reminder for all participants: if you wish to ask a question, you may press star and one on your touch-tone telephone. The next question comes from the line of {? Elias ?} from {? PGIM India ?}. Please go ahead.

The participant's line seems to be disconnected. The next question comes from the line of Rohan Shah from RS Investment. Please go ahead.

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Rohan Shah – RS Investment: Thanks for the opportunity, ma'am. I wanted to know whether you need any incremental capex to capture the expected opportunity in preclinical, or whether the existing capacity provides sufficient headroom. Also, does the existing biologics facility have sufficient capacity to support the next few years of growth, or would meaningful customer conversion require additional investment?

Management: [pause] We envisage that there will be some incremental investment that we will have to make. I will first talk about biologics. In biologics, capacity is measured by the reactors that you have. Initially, we have placed a few reactors. If we want to expand capacity, we would need to add reactors.

In preclinical, in this first half itself, we have hit the capacity constraint with respect to large animal facilities. We are expanding that as we speak. These kinds of small increments will be required wherever the business is growing rapidly.

These investments will continue, but again, as I was saying, all this would be part of the depreciation amount that we typically consume. It will not be significantly more than that.

Rohan Shah – RS Investment: Understood, ma'am. If I may ask, what are currently the biggest constraints to scaling clinical research? Is it customer demand, regulatory approvals, patient recruitment, or competitive intensity?

Management: I am sorry, I did not understand. You are asking what the constraints are?

Rohan Shah – RS Investment: Ma'am, I wanted to know what your biggest constraints are to scaling clinical research.

Management: Constraints, I see. Okay. Clinical research was a difficult business for us last year. We were operating with a very limited number of customers because our capacity for BABE studies is only 180 beds. As a strategic decision, we have decided that we are not going to increase the number of beds. So we limited the number of clients that we were serving to cater to these 180 beds.

What happened last year is that we lost some of our major clients due to their own reasons, and that put our business in jeopardy last year. But a lot of hard work has already been done. The lesson has been learned, and our business development team has put in a tremendous amount of work to ensure that we now have contracts with many more customers.

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

On the CT side, we started with a bang. We conducted a very large study, and after that there has been a little lull. That is where we need to put in extra effort, perhaps reaching out not only in the domestic market but also in the international market. Since we are a newcomer in this service, it will take a little bit of time to establish ourselves in CT.

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Rohan Shah – RS Investment: Understood, ma'am. Given the softer import-export sample flows, what initiatives are being undertaken to increase the domestic contribution to the food testing business?

Management: Again, a lot of hard work has already been put in. We began seeing this slowdown in Q4 of last year itself, so we quickly re-strategized our focus.

Vimta is known for its high-quality work. Therefore, our addressable market remained mostly in the export segment. But since exports took a very bad hit because of the war situations in the Middle East, we had to quickly change course and start looking for customers in the domestic market.

A lot of hard work has been put in. In fact, I would say that sometimes bad things also happen for the good, and during this period, when we focused on the domestic market, we were able to add some very good clients. We hope to grow our business with these clients in the future.

Rohan Shah – RS Investment: That helps a lot, ma'am. One final question from my side. Electronics testing remained broadly stable despite strong underlying growth in electronics manufacturing, defense, and electric vehicles. What is preventing this business from growing faster currently?

Management: It is growing at a decent pace. It can do much better, but it is a small component of our business. Even if it grew very rapidly, we would not see its impact on the top line for perhaps another couple of years.

As such, we have doubled our capacities. Our EMI/EMC chamber capacities have been doubled, and the reason they were doubled was that we had maxed out on capacity utilization. So we keep driving this business.

Again, as with the food business, you need to have centers at multiple locations in the country because samples can sometimes be very large and cannot be moved from one city to another. Having said that, the Hyderabad market itself is very large.

The defense OEM environment is quite favorable, and almost 70-80% of our capacities are being used by them. We have a lot of repeat business here.

But we must understand that EMI/EMC testing is not done like pharma or food testing, for every batch and things like that. It is done once during the development cycle, and perhaps once again when the buyer or purchaser is buying that product from the manufacturer. So the volumes are not like those in other businesses.

Rohan Shah – RS Investment: Understood, ma'am. That is it from my side.

Operator: Thank you. A reminder for all participants that you may press star and one on your touch-tone telephone in order to ask a question. A reminder for all participants that you may press star and one in order to ask a question. The next question comes from the line of Renna Varshini from Wealthfield. Please go ahead.

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

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Management: [long pause] Yes, there has been a slight correction in our ROE and ROCE numbers, especially if you look at the denominator per se. In ROCE, {? in we ?} {? in P ?} already have taken some additional debt. These two things have contributed to a slight correction in the first half.

Renna Varshini – Wealthfield: Understood, sir. Thank you.

Operator: Thank you. The next question comes from the line of Sagar Shah from {? Financial Research ?}. Please go ahead.

Sagar Shah – {? Financial Research ?}: Thank you for taking my questions, and congratulations on the decent set of results. A couple of quarters back, we reiterated guidance of a turnover of about 700 crores for FY28 at an EBITDA margin of 35-36%. Do you stand by it?

Management: [pause] Yes. Over the medium term, I think we are quite confident. If I may give an analogy for Vimta, it is like a coiled spring now. So there is a lot of

Management: potential in the spring. Now we need the right opportunities for this spring to really jump up. The base is very strong. Our capabilities are quite complementary, and we have transitioned from being a very transactional partner with our customers to a full-service, full-scope, end-to-end partner with some of our customers.

The medium-term potential is something we are very confident about. It is just that on the pharma side, as I was explaining at the beginning of the call, the R&D pipelines are a bit slow. Last year, there was a lot of work that came from peptides, and right now I think a lot of filings have happened. There is a wait-and-watch situation regarding approvals from the regulator.

I think that is what is pausing the R&D pipelines for at least the majority of the top pharma companies in India. Added to this is the food situation, as you all know. I feel these are temporary issues causing a temporary lull, but once we overcome them, things should return to the momentum that we planned for ourselves.

Sagar Shah – {? Financial Research ?}: That implies somewhere around 20-25% CAGR top-line growth?

Management: Yes.

Sagar Shah – {? Financial Research ?}: Okay, ma'am. Thank you for answering the question, and best of luck.

Management: Thank you.

Operator: Thank you. The next follow-up question comes from the line of {? Elias ?} from PG India. Please go ahead.

{? Elias ?} – {? PGIM India ?}: Hi, thanks a lot for taking my question. My question is regarding the long-term borrowings. In H1, there seems to be 15 crores of new long-term borrowings while we are holding around 70 crores of cash. Why are we borrowing when there is net cash? Is this some sort of project-linked loan, or does it signal a larger capex plan than the guidance of around 80 crores for the year?

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Management: There are a couple of reasons. One is the interest arbitrage. The cost of borrowing was found to be lower than using our own money. That was one factor. Also, we wanted to have cash on hand in case some opportunities arise for us to quickly spend that amount of money. We thought it was good to keep it that way.

{? Elias ?} – {? PGIM India ?}: Got it. So the guidance currently holds for planned capex for FY25 at 80 crores?

Management: Capex in the first 2 quarters was around {? 10-12, 10-15 crores ?}. The capex was not utilized as planned, but in H2 we think utilization will be as planned for H2.

{? Elias ?} – {? PGIM India ?}: Got it. Thank you.

Operator: Thank you. The next question comes from the line of Vishal Manchanda from Systematix Institutional Equities. Please go ahead.

Vishal Manchanda – Systematix Institutional Equities: Good afternoon. I have a few questions on the pharma analytical business. Can you share the client concentration here? What would be the contribution of the top 5 clients to the pharma analytical business?

Management: Srinivas, can you take that?

Srinivas: Sure, sir. We do not have that number. Madam, would you have the top 5 or top 10 client contribution?

Management: That keeps changing quarter to quarter, especially in analytical. It could range anywhere between 25% and 35%. That generally is the case. Sometimes it is more as well, depending on the work that we do in that quarter.

Vishal Manchanda – Systematix Institutional Equities: Got it. So most of these clients are signed up on a project basis, or do they have a long-term relationship under which they tie up with you?

Management: These are all long-term relationships, but the orders are project-wise only.

Vishal Manchanda – Systematix Institutional Equities: You continue to have relationships with all your major clients, and none of them has dropped out?

Management: No. We continue to have strong relationships with all our top clients.

Vishal Manchanda – Systematix Institutional Equities: Do these client relationships grow every year? Does each client give you a larger business every year, or is that a volatile number?

Management: That is the endeavor. For key accounts, our goal is to keep increasing the revenue from these key accounts, but it is not always a factor that we can influence because it also depends on their R&D pipeline.

Vishal Manchanda – Systematix Institutional Equities: Is there any specific segment within pharma analytics that has become more important for you lately?

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Management: For us, we believe the future of pharma analytics will be driven by large molecules, biosimilars, or biologics. Peptides were very strong for us last year, so they may pick up again in the coming quarters. But we believe that the future is with large molecules.

Vishal Manchanda – Systematix Institutional Equities: Is the biologics business part of the pharma analytics business, or would you classify it separately?

Management: The CRAMS business is kept separate. It is not clubbed with analytical.

Vishal Manchanda – Systematix Institutional Equities: So anything related to biologics analytics would be classified in pharma analytics, and the CRAMS business is separate?

Management: You are right.

Vishal Manchanda – Systematix Institutional Equities: What is the total investment you would have made in the biologics CRAMS business so far?

Srinivas: So far, we have invested close to 30 crores in this business.

Vishal Manchanda – Systematix Institutional Equities: Is there an asset-turn expectation you would guide here? Can 30 crores generate another 30 crores in top line for you?

Management: It is too early to say that, but that is our goal. We look at a 1:1 return on investments.

Vishal Manchanda – Systematix Institutional Equities: In your presentation slide, you have indicated that 40% of your pharma analytics revenue comes from overseas customers. Is the nature of business that you get from overseas clients similar to what you get from domestic clients, or is it very different?

Management: Srinivas?

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

Vishal Manchanda – Systematix Institutional Equities: On your presentation slide, you have indicated that 40% of pharma analytics revenue comes from overseas clients. I wanted to get a sense of whether these overseas clients give you higher-value business and whether the nature is different from what you get from domestic clients.

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

Vishal Manchanda – Systematix Institutional Equities: In terms of the nature of the clients that you are signing up for the CRAMS business on the biologics side, are these smaller Indian biotech companies, or are they larger generic companies?

Srinivas: It includes both. Smaller companies because they are more or less virtual, and larger companies because they have higher ambitions and more products, while their R&D teams are not able to support them internally. That is when they outsource to CRDs and CROs.

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Vishal Manchanda – Systematix Institutional Equities: So you develop the product and give it to them, and they take it forward from there?

Srinivas: Yes, we develop their product. Whatever is in their pipeline, we help develop the process and then give it back to them.

Vishal Manchanda – Systematix Institutional Equities: So you do it on a large scale and then give it to the customer?

Srinivas: Yes.

Vishal Manchanda – Systematix Institutional Equities: One final question on the 40-crore growth capex that you are guiding for this year: where will it be deployed?

Management: It is distributed across the business units. It will be deployed across preclinical, food, analytical, small-molecule analytical, large-molecule analytical, and our other businesses.

Vishal Manchanda – Systematix Institutional Equities: One more question: on clinical trial research services, is there a particular focus that you have, such as a particular dosage form or therapy? Is that important, or can you offer these services across therapies?

Srinivas: Across therapeutic areas. It is not [trails off]

Vishal Manchanda – Systematix Institutional Equities: Across therapeutic areas. And you have the bandwidth to offer that?

Srinivas: Yes.

Vishal Manchanda – Systematix Institutional Equities: Got it. Thank you. That is all from my side.

Srinivas: Thank you.

Operator: Thank you. A reminder to all participants that you may press star and one on your touch-tone telephone in order to ask a question. A reminder to all participants that you may press star and one on your touch-tone telephone in order to ask a question. The next follow-up question is from the line of {? Elias ?} from PG India. Please go ahead.

{? Elias ?} – {? PGIM India ?}: Hi. Thanks for taking the question. We spoke in some detail about the analytical and clinical segments. It would be helpful to understand how the preclinical segment is performing. While we do not have numbers, qualitative detail in terms of the growth and future outlook of the segment would be helpful.

Management: Can you take that, Srinivas?

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

{? Elias ?} – {? PGIM India ?}: I just want some qualitative detail on how the preclinical segment has been performing and whether we have any high-level numbers on its growth or outlook.

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Srinivas: Preclinical is doing well, mainly with the IND and PK work and large-animal studies. It is growing at a very healthy rate, and that is going to continue. We are also looking at increasing our animal-holding capacities, mainly for large animals. Demand is there for both biotech and small molecules, in the NCE and NBE spaces.

{? Elias ?} – {? PGIM India ?}: Would clients here also be at least 30-40% exports?

Srinivas: In preclinical, all this discovery work is primarily exports. Regular safety, impurity work, and similar activities could be around 30-35% domestic.

{? Elias ?} – {? PGIM India ?}: All right. Got it. Thank you.

Srinivas: Thank you.

Operator: Thank you. Participants, you may press star and one in order to ask a question.

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

Srinivas: Thank you all for joining our Q2 and H1 earnings call today, and thank you very much to Systematix for arranging this call. Thank you, Vishal. Thank you, everyone. Have a good day.

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

Note: {? ... ?} indicates a figure or name where audio clarity was insufficient for confident transcription. Verify against the source audio or the company's published filings.

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