

Vimta Labs Limited

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B S E Limited,
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Mumbai: 400001.
Scrip Code No.524394

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

Dear Sir/Madam,

Sub: Transcript of the FY/Q4-2024-25 earnings/investor call held on 28th April 2025.
Ref: Regulation 30 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

Please find enclosed herewith the transcript of the FY/Q4-2024-25 earnings/investor call held on Monday, 28th April 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
Company Secretary



Encl: as above.



**“Vimta Labs Limited
Q4 & FY '25 Earnings Conference Call”
April 28, 2025**



MANAGEMENT: **MS. HARITA VASIREDDI – MANAGING DIRECTOR**
MR. SATYA SREENIVAS NEERUKONDA – EXECUTIVE DIRECTOR
MR. SIVA RAMA KRISHNA KAMBHAMPATI – CHIEF FINANCIAL OFFICER
MS. SUJANI VASIREDDI – COMPANY SECRETARY

MODERATOR: **MR. VISHAL MANCHANDA – SYSTEMATIX INSTITUTIONAL EQUITIES**
MR. ADVAIT BHADDEKAR – E&Y

Moderator: Ladies and gentlemen, good day, and welcome to the Vimta Labs Limited Q4 FY '25 Earnings Conference Call hosted by Systematix Group. 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 Group. Thank you, and over to you, sir.

Vishal Manchanda: Thank you, Navya. Good evening, everyone. On behalf of Systematix Institutional Equities, I welcome you to the Q4 FY '25 Earnings Call of Vimta Labs. We thank the Vimta Labs 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 Advait Bhadekar from E&Y for the cautionary statement.

Advait Bhadekar: Thank you, Vishal sir. Good evening, and a warm welcome, everyone, to Q4 and FY '25 Earnings Call of Vimta Labs Limited. Please note, investor presentation and the financial results are available on the company's 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 the audio of the same will be made available on the website of the company as well as on the 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 press or media without any specific and written consent of the company.

Now I would request Ms. Harita Vasireddi, Managing Director of Vimta Labs Limited to provide you with the update for the quarter and year ended 31st March 2025. Thank you, and over to you, ma'am.

Harita Vasireddi: Thank you, Advait. Good evening, everyone. Thank you all for joining our Q4 and FY 2025 earnings call today. The financial year 2025 went well for us as the business saw good growth during the year despite the market uncertainties. In financial year 2025, the global economy showed signs of recovery despite geopolitical tensions and tight monetary conditions, both in the U.S. and key Asian markets stabilizing.

India's economy remains resilient, driven by robust domestic demand, strong manufacturing output and government-led infrastructure spending. GDP growth hovered around 7%, supported

by easing inflation and improving rural consumptions. The healthcare sector saw increased investment, reflecting growing focus on preventive care and research.

The global testing inspections and certification market experienced steady growth, continuing to be fueled by regulatory standards, the globalization of supply chains and the heightened focus on product quality and safety. Asia Pacific, particularly India, played a key role in this momentum. Rapid industrialization, infrastructure development and the expansion of sectors such as pharmaceuticals, automotive and medical devices contributed significantly. Technological advances also shaped the industry with increased adoption of digital tools such as AI, IoT and blockchain, enhancing accuracy and efficiency in testing and certification processes.

These innovations are enabling service providers to deliver faster, more reliable results, reinforcing customer trust and regulatory alignment. The sector remains resilient and well positioned for sustained growth in the evolving global quality assurance landscape.

Before moving on to the quarter and yearly update, I'm delighted to share that Vimta has embarked on an exciting new chapter with foray into biologics contract research and development services. This strategic move is a significant milestone in our growth journey and further strengthens our commitment to supporting the evolving needs of the biopharmaceutical sector. Our new service line will focus on the development of novel biologic entities, biosimilars and peptide-based therapeutics, leveraging both microbial and mammalian platforms.

We are building comprehensive capabilities covering clone development, process development, biosimilarity assessment and preclinical scale up. Infrastructure development will be initiated in this quarter with equipment procurement and qualifications targeted for completion by Q3 of FY 2026. We anticipate revenue generation to begin from Q1 of FY '27. With this initiative, Vimta is positioning itself at the forefront of biologics innovation, enhancing our value proposition as an integrated high-quality R&D partner.

Now coming to the quarter and yearly update. Vimta Labs has witnessed substantial year-on-year growth of 19.1% with revenue at INR3,482 million. This was primarily driven by the pharmaceutical services. We are experiencing good traction across all the services we provide, and we would like to highlight that our new life sciences facility is commercialized. We had successful GCP regulatory audit by the Ministry of Health of the Republic of Kazakhstan and cGMP audit by EMA, European Medicines Agency for human health products.

Coming to the food testing services, overall performance has been flat, but the momentum is being seen now compared to the first half of FY '25. Recently, the Food division was concurred with Outstanding Laboratory Performance Award of 2024 by CII for the second consecutive year, showcasing the division's consistent excellence in quality, technical competency and customer-focused service delivery.

The electrical and electronics testing services experienced growth, and I'm happy that we are coming up with the second chamber to double the capacity.

On the environmental testing services, we are currently focusing on the post-project monitoring segment and have been able to grow this segment well during FY '25. Looking ahead, we remain optimistic about the performance across all our service lines.

Before moving ahead with the financial highlights, I would like to take a moment to introduce a new addition to the Vimta family, Mr. Siva Rama Krishna Kambhampati, who has joined us as our new CFO and will be based at our registered office. He is a seasoned finance professional with strong academic foundation. He has over 16 years of experience in engineering and pharmaceutical industries. And in his new role, Mr. Siva will play a pivotal role in driving our growth strategy.

With this, I would like to hand over the call to Mr. Siva Kambhampati to discuss the financials. Over to you.

Siva Kambhampati:

Thank you, Ms. Harita. A very good afternoon to all, and thank you for joining us on our Q4 and FY '25 earnings conference call. I would like to walk you through the financial performance for the quarter and year ended 31st March 2025, after which we can open the floor for question and answers. Before I start discussing the financials, I'd like to highlight that the previous year figures for P&L items have been regrouped to ensure compatibility with the current periods, basis the announcement of sale of Diagnostics and Technological Services business on 30th August 2024.

Now I'll start with the financial highlights for the quarter. The total income for Q4 FY '25 stood INR961 million as INR731 million in Q4 '24, up by 31.4% year-on-year. EBITDA stood INR347 million in Q4 FY '25 as compared to INR263 million in Q4FY '24, up 31.9% year-on-year. EBITDA margin for the quarter stood at 36.1%. Profit after tax in Q4 FY '25 stood at INR183 million as compared to INR140 million in Q4 FY '24, a growth of 31.2% year-on-year. PAT margins for the quarter stood at 19.1%.

Moving on to the full year. Revenue from operations for FY '25 today is INR3,482 million as compared to Rs. 2,923 million in FY '24, up by 19.1% year-on-year. EBITDA stood at INR1,262 million in FY '25 as compared to INR978 million in FY '24, a growth of 29.1% year-on-year, translating into EBITDA margins of 36.2%. Profit after tax in FY '25 stood at INR668 million as compared to INR488 million in FY '24, a growth of 36.8% year-on-year, translating into steady PAT margins of 19.2%.

On the balance sheet side, we continue to have net debt free balance sheet with cash and cash equivalents including other bank deposits of INR329 million. Our total debt stands at INR85 million as of 31st March 2025, with a debt-to-equity ratio of 0.02x. Capex for the year stood at INR791 million. Capex guidance for FY '26 will be around INR900 million.

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

Moderator:

Thank you very much. We will now begin the question and answer session. The first question is from the line of Ajay Surya from Niveshaay. Please go ahead.

- Ajay Surya:** Congratulations for the performance. My question is if I look at our overall capex, so previously, there was a quarter delay in our new capex. And also in past for the food testing division, there was some revenue which went away because of shifting of the food division in Nashik. So I wanted to know for the current quarter, if there was such any internal or external factor which impacted our performance.
- Sir, my broader question on the same is because our potential post -- our complete capex is INR600 crores to INR700 crores and also we aspire to reach INR500 crores mark by 2025, '26. So sir, my question is like when do we expect the capex which has recently completed to stabilize? And when do we anticipate to achieve the run rate of like maybe INR120 crores, INR125-odd crores quarterly run rate?
- Harita Vasireddi:** We are expecting to achieve a run rate of INR125 crores per quarter by end of this financial year. And the capex that we put in during last year was to build additional capacity for our life sciences facility. So that facility can support growth for at least the next 5, 6 years.
- Ajay Surya:** And there was no such internal or external factor for the current quarter, which impacted maybe our revenue? Like I wanted to know like how fast can that ramp-up can come in because of the capex?
- Harita Vasireddi:** Capex is provided for -- see our capacities are three dimensional. One is the laboratory space, the other one is equipment and third one is manpower. So the capex that we spent in building new facilities, that is with a long-term view to support our long-term growth prospects. And the return will come over a period of these many years. And nothing in the Q4 has really impacted other than maybe some departments where shifting into the new facility, but we have done it very consciously slowly so as to have minimal impact on revenues. So nothing significant.
- Ajay Surya:** My next question is, so now we have decided to expand into the biologics and peptide CDMO. And sir, if you can highlight more on the opportunity and what type of services will we be offering? And is it different from the existing services of analytical or preclinical, which we offer? If you can highlight more on what type of services? And will the margin profile be similar or because even the CDMO peptide is a high-margin business for our company. So will our margin profile be on similar higher numbers or if you can guide us through?
- Harita Vasireddi:** On the margins, allow me to comment on them specifically in the upcoming quarter. I would just like to really brief share what the services will be. So these are contract research and development services for biologics, wherein we will be offering turnkey solutions for product development, right from clone development up to development and optimization of upstream, downstream formulation processes.
- We can also provide stand-alone services such as biosimilarity assessment and then qualification of characterization methods, etcetera. So on a high level, we'll be having capabilities to work on novel biologics, biosimilars and peptides. So these are the services.
- Ajay Surya:** For the capex guidance this year of INR90 crores, INR50 crores will be on the biologic CDMO. Is my understanding correct?

Harita Vasireddi: No, that INR90 crores is excluding this new investment. Here, we'll be investing about INR40 crores in 2 years. First year, we may spend around INR25 crores and the next year around INR15-odd crores.

Ajay Surya: Okay. And one more question. On the previous con call, we expected a new chamber for the electronics testing division to come by maybe Q4 end or Q1 beginning. So wanted to know the update on the same.

Harita Vasireddi: Yes, it is right now under installation. We will finish its qualification before end of this quarter.

Moderator: Thank you. Next question is from the line of Vignesh Iyer from Sequent Investments. Please go ahead.

Vignesh Iyer: Thank you for the opportunity. So my first question is if I heard it right, the earlier participant had asked a question, you had said we'll reach INR125 crores run rate by end of financial year, right?

Harita Vasireddi: Yes.

Vignesh Iyer: So as I was going through your PPT Slide #31 and the key growth drivers, where you aspire to reach INR500 crores revenue by end of FY '26, that itself is a INR125 crore run rate starting from, I don't know, on an average from Q1. So I mean reaching that INR125 crores by end of financial year, is it more of a conservative thing? Or how should we understand it?

Harita Vasireddi: So two quarters ago, I had made a correction to that information saying that we are hiving diagnostics business. And when we hit this target of INR500 crores, we were expecting diagnostics business to be one of the prime drivers towards reaching these numbers. But now since we don't have that business unit, we are still going to step up and try and hit that INR500 crores number as a run rate in Q4 of this year. So that's the correction that I had given almost about 2 quarters ago.

Vignesh Iyer: Okay. More like a Q4 exit revenue is something what we arriving?

Harita Vasireddi: Yes.

Vignesh Iyer: Yes, because the PPT is not been removed. So I was confused.

Harita Vasireddi: Thank you for finding that out. We'll update it.

Vignesh Iyer: Also, I mean, on this the capex that we have planned on the biologic contract research. So this is done in an existing land parcel we have or is it a new land parcel that we are seeing for expanding into or foraying into this new business?

Harita Vasireddi: It is within the existing facility. Nothing new will be built specifically for this. We would have to renovate a little space, which we will now initiate in this quarter.

Vignesh Iyer: That's all from my side. Thank you.

- Moderator:** Thank you. Next question is from the line of Rahil Shah from Crown Capital. Please go ahead.
- Rahil Shah:** So my question was on the margins. You've done really well in financial year '25 as compared to previous years. So firstly, what led to this increment in margins? And what can we expect going ahead? If you can provide an outlook on a quarterly basis, that would be helpful, otherwise for the full year FY '26.
- Harita Vasireddi:** Last quarter saw even slightly better margin, and I answered this question. The margins can be expected to be around what it is right now, plus or minus 2%. Our endeavour will be to maintain and further better it, but there is a possibility that it could be plus/minus 2% this current number.
- And what has led to the increment of margins is, one, our diagnostics business was not doing very well and it was having a dragging effect on our margins, which is now removed. And also, we have improved our operational efficiencies in our other services as well. So multiple factors are at play here.
- Rahil Shah:** Okay. And with regards to growth in the business, which particular vertical or services you're offering is going to be one of the key drivers ahead? And like you said, INR125 crores per quarter the run rate you wish to achieve by end of this financial year. But overall, can you guide a certain percentage growth we're expecting?
- Harita Vasireddi:** So broadly, as I've shared already, 70% of our business comes from pharma now and about 20% from food. So both put together, they are almost 90% of our business. And these 2 will drive our growth during the year.
- Rahil Shah:** Would you like to give a certain percentage of growth expecting in FY '26?
- Harita Vasireddi:** We don't normally give a growth outlook like that.
- Rahil Shah:** Okay. But it's definitely going to be much better than the previous year that passed.
- Harita Vasireddi:** I think this year, we gave a very good growth rate, and I hope to maintain the same growth rate at least.
- Rahil Shah:** Got it, thank you and all the best.
- Moderator:** Thank you. Next question is from the line of Ankit Gupta from Bamboo Capital. Please go ahead.
- Ankit Gupta:** Congrats for a good set of numbers. Ma'am just wanted to check on the capex that we are doing of INR90 crores for next financial year. So we have just completed the expansion and a new building at our existing facility, and we are yet to fully not even reach 40%, 50% capacity utilization. So can you talk about the rationale for doing this INR90 crores capex this year? And how will this expand our capacity? And if you can highlight in which areas will we be deploying the INR90 crores capex?

- Harita Vasireddi:** Sure. As I had already mentioned our capacity is three dimensional, one is the laboratory space, one is the equipment, and the other one is manpower. Now what we have created this previous year's capex is additional laboratory space. Now to propel our growth, we would continue to be investing in adding more equipment and also adding people. So capex for purchasing equipment is a routine activity of the company. And this year, again, we'll be targeting a good growth, we will have to expand on capex as well.
- Ankit Gupta:** So I was asking about, we are doing INR50 crore capex for the biologics and the peptide side. So is this the extension of the services that we are providing for small molecules or we'll also be doing some additional services? And if you can also talk about like this will be largely catering to the generic side or will be targeting innovators also?
- Harita Vasireddi:** We will have capabilities to support both innovators and generics. But given the landscape, especially the domestic landscape, I think we'll be targeting mostly the biosimilar market in terms of business development initially. And service-wise this is the backward integration of the services that we already have, you may know that we already provide biopharma services, analytical biopharma services.
- We provide preclinical services. We also provide clinical services. So this is a backward integration where we now work with our customer partners to help them in their formulation development also and can help them take it through and through from formulation development up to preclinical and even clinical research.
- Ankit Gupta:** Thank you and wish you all the best.
- Moderator:** Thank you. Next question is from the line of Kiran from Table Tree Capital. Please go ahead.
- Kiran:** Many congratulations on a 20% growth on a very difficult year. I think it's a commitment to your tremendous effort. Ma'am a couple of questions, a lot of other pharma companies are getting or are putting up dedicated capex for specific clients, U.S. clients and other clients as well. Are we putting up any analytic services or any CRO services, CDMO services specifically for any foreign client or this is just -- in that capex is for normal growth across a bunch of customers, I mean, dedicated capex, so it's normal capex?
- Harita Vasireddi:** We have been having dedicated customer-specific contract labs for the last 20 years and as part of that service, we continue to invest in our customer-specific contract labs. So we have investments that we'll be doing this year. We have done it last year. So I would say this is a routine part of business.
- Kiran:** The second question is on the CRO front, a lot of MNCs and a lot of Indian companies are calling for headwinds because U.S. funding has kind of slowed down. I know we have a lot of scope to grow. But in terms of how we see the landscape for our company, do we see any headwinds from a CRO perspective?
- Harita Vasireddi:** We have seen headwinds in this sector, but we have been able to counter them well. There have also been price pressures in the market. But still we have been able to build efficiencies and we

have been able to penetrate more into the market, get in touch with more newer clients. So these efforts are going on well. So net, we are able to do better despite the headwinds.

Kiran: One last question from my side. I made a percentage, rough percentage, not exact percentage. How much of our turnover coming from clinical trial for animal testing, rough percent, again, not looking for exact numbers?

Harita Vasireddi: We don't share such kind of percentage breakup.

Kiran: The only reason why we are asking is there might be some regulation and so on so forth that's why we are just a little curious, otherwise we will not.

Harita Vasireddi: Last year, we have done just one clinical trial. It was our maiden year, and we have just done one.

Kiran: That helps, thank you so much.

Moderator: Next question is from the line of Kaushal Sharma from Equinox Capital Ventures Private Limited. Please go ahead.

Kaushal Sharma: On your capex guidance that you said that our guidance for the financial '26 is around INR90 crores. And we have the separate guidance for biological segment around INR25 crores for financial '26. So this INR90 crore figure include this INR25 crores?

Harita Vasireddi: No, I've clarified already, the INR25 crores is not part of this INR90 crores. It is over and above.

Kaushal Sharma: Okay. And my question is on your laboratory facility that earlier call you said that new life science facility in Hyderabad will be commercialized from Q3. So what is the status of this laboratory?

Harita Vasireddi: We have commercialized this new facility. Now 70% is already capitalized and remainder will be capitalized in this quarter. One division has already moved in and the second division is in the process of moving in and doing their qualification, which will be completed in this quarter.

Kaushal Sharma: And there is additional capacities as well like EMI/EMC chamber for electronic testing that would be installed by Q4 or early next year. So what is the status of this?

Harita Vasireddi: The new chamber is under installation right now. We will complete its qualification during this quarter.

Kaushal Sharma: Okay. And what is our asset turn in our business so that we can understand our revenues?

Harita Vasireddi: For us, we look at a 1:1 return when we are investing in capex. And more or less, our investments have yielded this average.

Kaushal Sharma: 1:1 return. And I have seen your receivable days as well, seeing stretch over the period. So what is the reason and what are the normalized receivable days in our business?

Harita Vasireddi: Our DSO is currently around 110 days. So this is what it is. Over the years, the DSOs have been increasing, but that's been the trend of the industry.

Kaushal Sharma: Okay. So in industry, the receivable days is around 100 to 110 days. Is it right?

Harita Vasireddi: Yes. See, our various sectors have various DSOs, but average DSO for the organization stands around 110 days right now.

Moderator: Next question is from the line of Kevin Daftary from Siddhant Partners. Please go ahead.

Kevin Daftary: So firstly, congratulations on the good set of numbers. And I just have 2 questions. First, out of this revenue that we have, I think 70% from pharma and probably 20% food. Can you help me understanding what percentage of this would be from, say, U.S.? And second question, with respect to some headwinds that you mentioned, you have been able to sort of minimize the impact. But do we see any headwind in terms of our business, which could impact directly maybe in next 1 or 2 years?

Harita Vasireddi: Just to answer your first question, overall, our export revenue has been around 36%, but most of our exports is through our pharma services. And coming to headwinds, very difficult to say. I think the whole world right now is going through some uncertainties. We will have to wait and see maybe we'll get a better idea in the next quarter or so.

Kevin Daftary: Sure, sure. Just can you elaborate on this first question, like 36% is export. I didn't understand when you said it is through...

Harita Vasireddi: So overall, at the company level, 36% of our revenues come from overseas. And I was just trying to clarify that the export revenues are mostly through our pharmaceutical services.

Kevin Daftary: Okay. Pharmaceutical services. But any ballpark around what would be sort of exposure to U.S. among in this revenue?

Harita Vasireddi: Exposure, about 60% of these revenues are from U.S.

Kevin Daftary: That's helpful. Thank you.

Moderator: Thank you. Next question is from the line of Dhwanil from I-Wealth Fund. Please go ahead.

Dhwanil: Congrats on a good set of numbers. Am I audible?

Harita Vasireddi: Yes.

Dhwanil: Ma'am, just wanted to check on the capex again. Sorry to repeat this. But earlier, when we had said that we had put up close to 2 lakh additional square feet for a capex of INR80 crores, right? So in that, the equipments were already included, correct? So now further we are doing more INR90 crores.

Harita Vasireddi: That was only on the buildings.

Dhwanil: Okay. So that INR80-odd crores, INR75-odd crores was only for the buildings.

Harita Vasireddi: Last year, the sum that you're talking was on the building. It was not for equipment. Now this year, we are saying we will be having additional capex spend. This will be mostly for equipment.

Dhwanil: Got it. Got it. And currently, ma'am, the new unit or the new facility which we have commercialized, so that already has equipment in place, right?

Harita Vasireddi: No. That is just laboratory space that we have created. We will be buying in equipment as and when we need those additional capacities.

Dhwanil: Okay. Okay. So once we buy that, post that, our revenue recognition should happen, right? For the new equipment, ma'am we won't be able to do any sales, right?

Harita Vasireddi: Yes, yes. Yes. That's correct. As and when we are growing, we will have to add more resources. And for us, the resources will be equipment and people.

Dhwanil: Got it. Got it. And ma'am, just wanted to check on our overall expense. So if I'm seeing this quarter, so we did INR94 crore, INR95-odd crores of sales, right? And there was sequential INR5 crores of total expense, which has increased for us. So if you could just help us understand where was this? And going ahead, how should we see this? Because I think employee cost was INR4 crores increase in 7 quarters and your other expense also went up by INR3 crores.

Siva Kambhampati: Yes. So to answer your question on employee cost, yes, there is an increase. That is for 2 reasons. One is the regular increase from the previous year in terms of increasing manpower and also the increment. In addition to that, in current year, what has happened is we had to make some additional actual valuation related to gratuity and ESOP valuations. So this has contributed to the increased manpower costs in current quarter.

Dhwanil: Okay. And on the other expense?

Siva Kambhampati: Okay. So other expenses as a percentage of total revenue, so the component of other expenses is relatively lower. But then the other expenses include the travel and facility costs, so that varies depending on the requirement of incurring this expenditure in terms of travels.

Harita Vasireddi: And also there's a new facility under operation now, which is yet to be fully occupied and utilized. So the new facility also our operational cost will go up a little bit.

Dhwanil: Got it. And ma'am, overall on the demand side because I think earlier also when we had spoken, so just on that, incrementally, the sales has been a little bit slower in terms of growth, right? So just on the demand side, ma'am, how are you seeing going ahead? We've got the overall guidance, but just on the demand, ma'am, if you could help us understand. And between the 2 segments, the pharma and food, how is the overall opportunity shaping up for us?

Harita Vasireddi: Demand side for pharma is pretty healthy, especially for the sale of activities that we do and the growth opportunities that we are looking at. Demand for now is quite healthy. So we are also optimistic about growing in this year and the coming years. Food, we saw a significant headwind

in the first half of last year, and that has normalized after the first half. Q4 also tends to be typically a high quarter for food because there is seasonal business involved. But Q1 also, again, it looks much better than what we saw last year in Q1 and Q2.

Dhwanil: Got it. And just last question, ma'am, can you give us the quarter number for pharma and food separately, what we did?

Harita Vasireddi: No, we don't do that.

Moderator: Thank you. Next question is from the line of Umesh Matkar from Sushil Financial Services. Please go ahead.

Umesh Matkar: Congratulations on a great set of results in this uncertain environment. So my question was on clinical trial front, how things are going on. We had signed first deal a few quarters back. So just wanted to get a sense on this. So are we seeing extension of it or added any clients on the clinical front?

Harita Vasireddi: Clinical trials, we are seeing traction in our RFP. Too early to comment on anything more than that. For now, I just want to say that the first trial that we started last year is near to completion, and we have successfully done that to the satisfaction of our customers. And we are looking forward to onboard some more trials during the year.

Moderator: Thank you. Next question is from the line of Viral Bhansali from Pearl Investments. Please go ahead.

Viral Bhansali: Congratulations on a good set of numbers. Most of my questions got answered. Just one last bit. Ma'am, what is the quantum, like the size of the orders, a typical size of orders of the contract - the clinical trial, sorry, I'm clinical trial segment. What is the typical size, like just a ballpark number of each order?

Harita Vasireddi: Clinical trial order sizes can vary depending on the therapeutic area, depending on the protocol design, whether it is 60 patients or 400 patients. So N number of factors dictate the size. And we have seen that this could be as low as INR30 lakhs, INR40 lakhs to as high as tens of crores. So it's quite wide and varied.

Viral Bhansali: You mean rupees, right?

Harita Vasireddi: Yes, yes rupees.

Viral Bhansali: Okay. So I mean, can the size of these orders grow as we develop a niche for ourselves in this space?

Harita Vasireddi: Not necessarily. Any CT provider would be open to do all kinds of clinical trials. Sometimes if you're offering a trial to a nutraceutical customer, the trial value could be much lower when compared to a pharmaceutical customer. There is no specific bandwidth for this.

Viral Bhansali: So how are we placed as compared to Veeda in the same space?

- Harita Vasireddi:** We are a new entrant, I would say. We are not comparable with them yet.
- Viral Bhansali:** But are we in the position to offer the same scale of services that Veda is currently offering?
- Harita Vasireddi:** CT, there is no scale issue as well because these are most patient trials, right? We'll be doing these trials at the hospitals. So there's no scale issue here.
- Viral Bhansali:** Okay. So it's more about having a lot of such work done. So the experience gives you more orders, more such orders in the future. Am I right?
- Harita Vasireddi:** Yes. That is there. Yes.
- Viral Bhansali:** Okay. So how is the clinical trial landscape looking to you like how much can we scale up? Like can we reach a revenue of, say, 10%, 20%, 30% of our total revenues from clinical trial space, considering it's a big field. It's a big space.
- Satya Neerukonda:** This is Sreenivas. So when we say clinical research at Vimta, there are 2 types of services to it. One is the healthy volunteer trials for which we have been the pioneers in the country, and we continue to do these studies for the last 30 years. Our main markets are U.S., Europe and India. So there, we have a 180 bed clinic. And here in – this segment we are among the top 5 players in the country doing the clinical trials for generic molecules. The BA/BE studies is what they are generally called.
- Coming to clinical trials, as Harita mentioned, we are a new entrant into this segment. It has only been 2 years now. The landscape is huge. It's a global requirement. Now with the growing complex products which are coming in like the peptides or biologics, biosimilars and more complex generics, this requirement for phase trials and patient PK Studies is going to grow. Again here, the West is looking back at India for getting some of their multi-country trials done. So that also gives us a leverage.
- As I said we have already started conducting these studies. We have the experience. We have all the setup which is needed for it. And the good part of clinical trials is there is no internal capacity constraint because these are done at hospital sites. And India with the population base and the number of hospitals covering, all the key disease segments, the patients availability to enrol into these studies is there. So it's just about reaching out and exploring more such trials opportunities with clients. If you look at the global reports on clinical trials, it is showing an upward trend in terms of requirements, it's an essential requirement of any pharmaceutical biotech or medical device company.
- Viral Bhansali:** This new biosimilar foray, the biologics foray that we are making, it would essentially be a part of the clinical trial segment.
- Satya Neerukonda:** No, the one we have announced today is mainly on the process and product development support for our clients in the space of biologics. Biosimilars and peptides. Our clinical trials division is already equipped to do trials for biologics or biosimilars.

Viral Bhansali: Okay. So it's a holistic thing. And clinical trials will be one segment of the entire biological testing space, biologics testing space.

Satya Neerukonda: Yes.

Viral Bhansali: Thank you so much.

Moderator: Thank you. Next question is from the line of Ajay Surya from Niveshaay. Please go ahead.

Ajay Surya: Ma'am this question is again on the capex. We mentioned that INR75 crores was for building and now a majority of this INR90 crores will be deployed into equipment. And this will also be done as and when needed. So ma'am, can you please highlight what would be the current capacity utilization of the existing equipment put in at the new facility? And also on the INR90 crores, if you can help us on the deployment part, like how much do we plan to deploy in maybe the first half or the second half? If you can break this up, that will be really helpful.

Harita Vasireddi: That nitty-gritty, please excuse me, I will not go into it because it's -- I don't think very relevant. We will keep investing in capex or capacities as and when we need it across various BUs. So how each BU will move will depend on how revenues or pipelines are moving for us. But I just want to explain on the new facility a little bit for you.

When we invested INR75 crores, it was in building an infrastructure. We did not buy any equipment and put there. What we did is we moved some of our existing services from the legacy building into the new building, okay? So this created more space in the legacy building, which we are going to use entirely for pharmaceutical services.

Earlier, it was housing food, it was housing electronics testing. So now what we have done is we have created a new space for food testing. A different space for electronic testing, and we have also created more space for preclinical testing. What this has done is it has opened up a few quadrants to expand our analytical services for small molecules and large molecules. And we are using these spaces to create facilities for expansion, not only for the analytical, but also we'll be now setting up the development labs in these vacated spaces. So that's how we are going to do.

There is no new equipment that has been brought and kept idling anywhere. We buy equipment as and when we need additional capacities because the lead time for most of this equipment is around 1 to 2 months only.

Ajay Surya: Okay, that helps. And my next question is on the pharma analytical side, we saw almost like the top 20 pharma companies. And I would like to know like what would be our market share in this division across the whole industry? And again, if you can clarify like we also mentioned about maybe facing some headwinds. And then there was also some comment on there is healthy demand and we also aim to maintain the margins?

So I'm unable to understand like the industry level situation which Vimta is currently. So if you can maybe clarify like the headwind is mainly on the pricing front or is it on the demand? And even in the demand, is it between the small molecules or the large molecules which we deal in?

Harita Vasireddi: Okay. Two things are happening simultaneously here. One is the market dynamics, which we are not -- where we do not have control. So there, we are seeing that companies are going slow in their pipelines. So that's one aspect. That is external, we have no control on it. There is an internal aspect where we are continuously putting our business development efforts. We are going out more into U.S., more into Europe. So when we are doing that, we are able to connect with more prospects and convert them as our customers. So both of these are happening. So that's why I said net, there has been a growth.

Ajay Surya: Okay. And ma'am on the market share, like what would be our market share on the pharma analytical side?

Harita Vasireddi: Very difficult to quantify. On a global scale, it's quite negligible. And India, it is difficult to get a figure on this because there is not enough research out there.

Ajay Surya: Maybe ma'am, if you can then share on the repeat customer rate for both our maybe the pharma analytical side and the preclinical side because the clinical we have just recently started. So maybe on the repeat customer rate, if you can maybe highlight?

Harita Vasireddi: Our repeat business is very strong. It is upwards of 90%. But again, that is a number of clients who are coming back to us year after year. It's not necessarily comparable revenues from each client. Today, somebody might spend a certain amount on our services, they would have spent another amount in the previous year. What we see is are they coming back to us repeatedly for these services or not. So in that context, our repeat business or our customer retention is upwards of 90%.

Ajay Surya: Okay. And ma'am, again, one last question. We also increased the borrowing power to INR300 crores in this Board meeting. So this new capex, which may be that sums up to more than INR120-odd crores for this year. So are we going to use any external funding for this?

Siva Kambhampati: No, not as of now. So the borrowing that we have increased is just as a placeholder. But the current capex requirement, whatever is there, that will be invested through internal accruals. And little debt for the biologics segment, INR25 crores, probably that will be meeting by raising a small debt, but mostly through internal accruals.

Ajay Surya: That's all from my side. All the very best.

Moderator: Thank you. Next question is from the line of Vilin, who is an individual investor. Please go ahead.

Vilin: Congratulations on a good set of numbers. Just again on the revenue guidance, as you have articulated really well the overall target that the company aims. So if I understand correctly, barring something global headwinds, we are on a target to achieve INR125 crore exit run rate in

the Q4, and that would place us a better revenue growth compared to last year, obviously, to the caveat that any unforeseen global event happens. Is that the correct summary, ma'am?

Harita Vasireddi: That's the correct summary.

Vilin: Okay. And also the last question is on the capex. So this INR90 crore capex, that will be irrespective of the demand environment or that is a flexible number depending on the demand environment. That number may change a bit.

Harita Vasireddi: That number will certainly depend on our growth.

Vilin: Understood ma'am. Thanks a lot.

Moderator: Thank you. Next question is from the line of Veer Rajesh Vadera from Niveshaay Investment Advisors.

Veer Rajesh Vadera: I wanted to ask around competitor side in pharma, analytical and clinical and preclinical. As of now, like Veeda Clinicals have lower margins. So could you comment on the competitive side?

Harita Vasireddi: We can't comment on competitors' lower margins. We don't have enough information to comment on that.

Veer Rajesh Vadera: Okay. And pricing side and all like competitive power, I mean?

Harita Vasireddi: Our prices are competitive in the market. That's all I can say.

Veer Rajesh Vadera: Okay. And is there any intensity in competition or there are few players like

Harita Vasireddi: Yes. There's are a number of laboratories have come up in the recent past. So there is definitely going to be a continued price pressure.

Veer Rajesh Vadera: Thank you.

Moderator: Thank you. Next question is from the line of Kiran from Table Tree Capital. Please go ahead.

Kiran: Sorry, last question, ma'am, from my side. This INR300 crore borrowing is a very huge number. I mean we've known Vimta for about 10, 15 years. We're looking at numbers. You've never had debt of more than INR40 crores, INR50 crores. And obviously, we have decent cash for our capex. So it's not an approval for INR100 crores or INR50 crores or INR150 crores. It's an approval for INR300 crores. So are you seeing any major shift in customer buying patterns?

Are you seeing any major capex that you're going to foresee in the next year or 2 for getting an approval on such a huge number? I mean, I could understand as a permission, INR100 crores, but INR300 crores is a big number for Vimta management. So I'm just wondering it's completely away from our nature. So just wanted to get clarification on that.

Siva Kambhampati: Just to correct, as of now, our overall borrowing increased to INR300 crores. Earlier, it was INR175 crores. Now there is an increase of INR125 crores only. That makes the overall

borrowing power to INR300 crores. It is not that we have increased the borrowing of INR300 crores now.

Kiran: That is understood, sir. I was just saying, I mean, that is a significant increase. I mean, from whatever little we know about the company, it's not in the company's DNA to get such a huge borrowing approval. So that's why I'm asking why?

Siva Kambhampati: Yes. If you see based on our earlier discussions, the overall capex spend guidance for current year '25, '26 will be around INR115 crores, including INR25 crores of investment in biologics. So although we are not envisaging to cater to this requirement through debt, there could be a requirement of borrowing for this purpose around probably INR30 crores to INR50 crores.

So we need to have a placeholder and the enough borrowing limits with us to be able to meet the requirements. We cannot go to our shareholders and request for increasing borrowing power as and when needed. So that is why we had got this increase as a placeholder. Whenever there is a requirement, accordingly, we will take the necessary approvals and invest.

Kiran: Sure. Thank you.

Moderator: Thank you. Next question is from the line of Kevin Daftary from Siddhant Partners. Please go ahead.

Kevin Daftary: Just two questions. One, is there any plans in terms of inorganic growth that company is looking at? And my second question is, should we connect for more detail offline with the new CFO? Or is there any dedicated IR?

Harita Vasireddi: CFO is always available to answer any specific queries that we couldn't discuss on this call. And the first one inorganic is definitely a strategy. And it will happen when opportunities concretize for us. But as of now, it is nothing concrete is there.

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

Harita Vasireddi: I wish to thank everyone for joining us on this call today. All of you have congratulated us. I very much appreciate the congratulations. And I want to also thank Vishal from Systematix, Advait, for being on this call. Thank you. Bye.

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

(This document was edited for readability purpose.)