

## Vimta Labs Limited

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Date: 07.02.2024

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

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

Dear Sirs,

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

Sub: Transcript of the Q3-2024 earnings/investor call held on 1<sup>st</sup> February 2024.

Please find enclosed herewith the transcript of the Q3-2024 earnings/investor call held on Thursday, 1<sup>st</sup> February 2024.

Further, pursuant to Regulation 46 of the Listing Regulations, the aforesaid information is available on the website of the Company i.e., <https://vimta.com/investor-earnings-call/>

This is for your information and necessary records.

Thanking you,

Yours faithfully,

for VIMTA LABS LIMITED

Sujani Vasireddi  
Company Secretary



Encl: as above.



**“Vimta Labs Limited  
Q3 FY24 Earnings Conference Call”**

**February 01, 2024**

**MANAGEMENT: Ms. HARITA VASIREDDI – MANAGING DIRECTOR  
MR. SATYA SREENIVAS NEERUKONDA – EXECUTIVE  
DIRECTOR  
MR. NARAHARI NAIDU - CHIEF FINANCIAL OFFICER  
Ms. SUJANI VASIREDDI – COMPANY SECRETARY**

**MODERATOR: MR. VISHAL MANCHANDA – SYSTEMATIX  
INSTITUTIONAL EQUITIES**

**Moderator:** Ladies and gentlemen, good day and welcome to Vimta Labs Limited's Q3 investor conference call hosted by Systematix Institutional Equities. As a reminder all participant lines will be in the listen-only mode and there will be an opportunity for you to ask questions after the presentation concludes. Should you need assistance during the conference call please signal an operator by pressing "\*" then "0" on your touchtone phone. Please note that this conference is 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:** Thank you Riya. Good morning, everyone. On behalf of Systematix Institutional Equities I welcome you to the Q3 FY24 earnings call of Vimta Labs. We thank the Vimta Labs management for giving us an opportunity to host the call. Today we have with us the senior management of Vimta represented by Ms. Harita Vasireddi, Managing Director, Mr. Satya Sreenivas Neerukonda, Executive Director, Mr. Narahari Naidu, Chief Financial Officer; and Ms. Sujani Vasireddi, Company Secretary. I will now hand over the call to the CFO Mr. Narahari Naidu for his opening remarks. Over to you Sir!

**Narahari Naidu:** Thank you Vishal. Good morning and a very warm welcome to our Q3 FY24 earnings call. Our investor presentation and the financial results are available on the company website and on the stock exchanges. Please note that anything said on this call which reflects our outlook for the future, or which could be construed as a forward-looking statement must be reviewed in conjunction with the risk which the company faces. The conference call is being recorded and the transcript along with the audio of the same will be made available on the website of the company as well as on the exchanges. Please also note that the audio of the conference call is the corporate material of Vimta Labs Limited and cannot be copied, rebroadcasted or attributed in the press or media without specific or written consent of the company. Now I would request our Managing Director, Ms. Harita Vasireddi to provide you with updates of the quarter.

**Harita Vasireddi:** Thank you Narahari. Good morning, everyone and thank you for joining us on Q3 and nine month, FY2024 earnings call. I hope you all had a great start to the year and hoping 2024 brings prosperity to all of us. Before I discuss Vimta's results in detail I will briefly touch upon the economic and industry landscape. With the start of 2024 the global economy was shrouded with uncertainty influenced by a multitude of factors such as geopolitical issues, continuous impact of tight monetary policies, restrictive financial conditions, and a rather tepid environment for global trade and investment and persistent inflation. Following the sharp jump in demand post COVID there was a noticeable shift in the latter half of 2023 leading to a subdued demand environment affecting various industries. In a more detailed look at the TIC and CRO industry focusing on two of our major service areas, in food testing persistent inflation and dampened consumer demand continue to impact the import

export volume as well as domestic demand. However, there seems to be an indication of gradual recovery. After a lackluster Q2 in terms of volume there has been improvement slightly in the food segment.

Coming to the life sciences industry, the overall demand environment remains quite steady, especially we experience good demand in the preclinical services. We see a strong traction in India. The electronics and electrical product testing market also seems to be gaining momentum, but it is still in the early stages and comparatively smaller in size.

Moving on to Vimta's results for the quarter, as we guided in the previous call, we have witnessed a good recovery in the business. Total income for the quarter stood at Rs.826 million with 9.4% sequential growth. The recovery was driven by our food business where we witnessed better volume coupled with good up drive-in life sciences businesses especially in preclinical studies. Other segments such as diagnostics and environment have remained flat, a little bit constrained and E&E services, our electronics and electrical products testing services have seen a very strong traction.

With regards to operations, I would like to just share with you that our pharma analytical division has undergone a good European regulatory audit by EMAs. Our expansion project, our new facility that we are building is delayed by about six to seven weeks and we expect to start moving into the new facilities mid March onwards. As such FY2024 has not really panned out to our expectations especially in Q2 and we observed a slowdown in discussions with prospective clients and the decrease in volume of food business; however, our discussions have resumed again particularly on the life sciences side and we are eyeing bigger opportunities although the process of converting these prospects into tangible outcomes might take a little time in this highly competitive market. I am very confident that we will have some good success soon. Lastly, I want to reassure you that we are working on various strategies which I believe will help us grow sustainably in the coming years. With these few introductory remarks I would like to now hand over the call to our CFO, Mr. Narahari to discuss the financial highlights for the quarter.

**Narahari Naidu:**

Thank you Ms. Harita. Once again, I thank you all for joining us on our Q3 and nine months FY2024 earnings conference call. I would like to walk you through the consolidated financial performance for the quarter ended December 31, 2023, after which we can open the floor for questions and answers. Let me begin with the consolidated financial highlights for the quarter. Total income for Q3 FY2024 stood at Rs.826 million as compared to Rs.785 million in Q3 FY2023 up 5.2% on Y-o-Y basis. EBITDA stood at Rs.227 million in Q3 FY2024 as compared to Rs.226 million in Q3 FY2023 a growth of 0.7% on Y-o-Y basis. EBITDA margins for the quarter stood at 27.5%. Profit after tax in Q3 FY2024 stood at

Rs.101 million as compared to Rs.102 million in Q3 FY2023 which is a flat performance on Y-o-Y basis. PAT margins for the quarter stood at 12.3%.

Moving on to nine months performance revenue from operations for nine months FY2024 stood at Rs.2,421 million as compared to Rs.2,391 million in nine months FY2023. This is a growth of 1.2% on a Y-o-Y basis. EBITDA stood at Rs.659 million in nine months FY2024 as compared to Rs.735 million in nine months FY2023 which is a degrowth of 10.4% on Y-o-Y basis translating into EBITDA margins of 27.2%. Profit after tax in nine months FY2024 stood at Rs.287 million as compared to Rs.355 million in nine months FY2023, this is a degrowth of 19.2% on a Y-o-Y basis. PAT margins stood at 11.8%. On the balance sheet side, we continue to generate strong cash from operations driven by minute focus on working capital efficiency, which led to generation of strong cash flow from our operations of Rs.575 million. As you all know we are currently engaged in capex to expand our capacity for which we have spent close to Rs.628 million. Even after the ongoing capex expenditure we continue to have net debt free balance sheet with cash and cash equivalents including other bank deposits of Rs.325 million as of December 31, 2023. With this we can now open the floor for Q&A. Thank you.

**Moderator:** Thank you very much. We will now begin the question-and-answer session. The first question is from the line of Ankit Gupta from Bamboo Capital. Please go ahead.

**Ankit Gupta:** Thanks for the opportunity. I just wanted to get your sense on the guidance that we had given for reaching 500 Crores let us assume if that is not achieved in FY2025 but even for us to get to 500 Crores in FY2026 we might have to grow by 25-27% CAGR for FY2025 and FY2026 this year most probably we will end up with somewhere around 325, 330, 345 Crores kind of revenue on a normal basis from there the journey to 500 Crores will require significant growth so what is our view on the outlook which was given earlier and how confident are we of achieving those numbers if not in FY2025, now FY2026 also seems to be a bit difficult?

**Harita Vasireddi:** With regards to the target that we have taken for FY2026 which is 500 Crores, yes it is not going to be as easy as we thought maybe a year ago. This year has practically been flat, but we have not given up our hope. We remain very committed to that number. We will be putting extra effort; we are planning those efforts, so we have not shaken from that target.

**Ankit Gupta:** But how is the pipeline looking for us especially on the pharma side because that is our major segment, so how is the pipeline in the pharma side because that has to shoulder the major burden of reaching 500 Crores apart from other business will continue but given the base pharma has to take the lead and second would be the food segment so if you can share your views on pharma pipeline?

**Harita Vasireddi:** One thing is pipeline, the other is the various knowledge assets that we have built during the last year or so. I might have mentioned this in my previous interactions as well that we are now building capabilities for large molecules so that is something that we are confident about. The opportunities look very strong for large molecules, and we have the capability to support large molecules right from the preclinical stage to the clinical stage and of course the entire analytical spectrum. So that is one capability that we have built. Agricultural preclinical activities we do not call them preclinical we call them non-clinical studies, so there also we have been building capabilities. Capacity constraints which we will now not be having as we move into the new facilities, so that gives us actually more infrastructure to drive that business with greater focus. Similarly we had constraints even for adding equipment for our analytical division so those constraints will not be there once we inaugurate this new facility. So, I reiterate that we are still very committed to that number. It is achievable. It is not going to be easy, but it is achievable, and we are going to work very strongly towards that number.

**Ankit Gupta:** One thing is on the capacity side, capacities will be building when the capex coming in let us say in March but the other thing is on the demand side, so demand and order pipeline especially on the pharma side if you can talk about it, although the recovery we have seen but is it long driven grind because globally the projects itself are taking a bit of challenges on the funding side and also if you can talk about this?

**Harita Vasireddi:** The demand is good, and I think pharma companies are also changing their development pipelines. There is more and more thrust on specialty smaller molecules than the rather being generics, so we do not see any dip in demand on the pharma side.

**Ankit Gupta:** My last question was on the food side, how is the food business doing because especially you mentioned that food segment has been a bit of demand recovery after subdued last two quarters so if you can talk about the food segment as well as our JNPT labs how is that doing?

**Harita Vasireddi:** Food was low in Q2. We saw recoveries in our routine business in Q3, the NFL (JNPT) revenues import volumes seem to be low because the samples are not really picking up, they are still at very low numbers. So, yes that is slightly impacting the plans that we have for food this year but then we have our other routine business which we hope to work on and meet those numbers.

**Ankit Gupta:** The challenges that we have with regards to getting more samples through our laboratory and not giving those samples to the other smaller laboratory that continues to process or we are seeing some improvement in that if the challenges continue to persist what steps are we taking to mitigate that?

- Harita Vasireddi:** Challenges around low sample volumes at NFL they continue and there is not much we can do. It is the decision of the regulator we do not influence those kinds of decisions.
- Ankit Gupta:** Any changes that you see in their approach or in the near term or it will continue like this?
- Harita Vasireddi:** I would not be able to comment on that. We are putting our case forward to them continuously. The outcome of that continuous effort is quite unknown to me also at this point of time.
- Ankit Gupta:** Thank you Madam and wish you all the best.
- Moderator:** Thank you. Next question is from the line of Ankeet Pandya from InCred Asset Management. Please go ahead.
- Ankeet Pandya:** Hi good morning and thank you for giving opportunity. First, congratulations on great set of numbers. My first question is on the food business given that currently due to the Red Sea challenges that is happening so are you seeing any slowdown in the import of food business, or do you see any impact going forward probably like for next one or two quarters with the food segment might get impacted?
- Harita Vasireddi:** The import volumes are low even year-on-year when we compare the numbers / volume it seems to be lower than last year. Will they pick up in the next couple of quarters? I am afraid I do not have that kind of information with me, but with regards to how we are going to plan our business around this is we are not going to take any increase here into account we will work on other streams of revenues for food.
- Ankeet Pandya:** Given one or two quarters might see further, slowdown or muted kind of a growth in the food business any challenge does you see in the medium term?
- Harita Vasireddi:** I do not know if they will go down further, they are already quite low, so I am not expecting them to go down even further.
- Ankeet Pandya:** In the pharma segment given you have already in a way answered that the funding challenge issue is there, but what are the steps or strategy that you will be doing to target the big pharma or big molecules going forward, so how is that going to pan up, what is the strategy for from the company perspective on this side because given that pharma is one of the biggest segment for us so how do you plan to target the big molecules and the big pharma companies going forward?
- Harita Vasireddi:** We have already started that journey of building capabilities for large molecules. We obviously have to develop the science, the knowledge within the organization before you

give the confidence to your prospective customers that you are capable of delivering those services with good science, so those POCs have already been begun and we have had a good response from people who have been working with us for a long time, they know us, they trust us, so the first few studies will come from such good partners and once we are able to build a track record I think then we stand on a better ground in going and soliciting more business from newer companies. And that is on the operational side. On the business development side, we have stepped up after COVID our reach out into Europe and US, so that continues. Usually, these services have a little longer lead time, and we started this exercise almost a couple of years ago. We see the conversions happening. We see good traction. The kind of projects that we can get is quite encouraging.

**Ankeet Pandya:**

Lastly just directionally if not any guidance of number wise directionally we have previously also done margins of around 31%, but given that we have one newer facility coming on board like you said in next 6 to 8 weeks plus a bit of a muted demand scenario currently by when can we target to achieve 30-31% plus EBITDA margin directionally not any particular year wise but directionally when can we see that and what will be the drivers for that?

**Harita Vasireddi:**

The growth in topline will be the key driver for coming back to those 31% kind of bottomlines. Yes the new facility will have some impact, the depreciation will increase, the cost of maintenance, these are laboratories and a good amount of expenditure is around the maintenance of these facilities so the sooner we are able to consume the capacities that we have built the faster we will be able to get back to those margins and it is all a question of driving the topline.

**Moderator:**

Thank you. Next question is from the line of Dhaval Dhama from Turquoise Capital. Please go ahead.

**Dhaval Dhama:**

Hello Madam. Madam my question is regarding NFL the kind of capex and operating expenditure that we are doing on NFL and the continuous disappointment as both a minority shareholder and majority shareholder you are seeing in that. What kind of judgment do we take in terms of future capital allocation because in last few years a few of our capital allocation decisions have not turned out to be correct so whether it is the diagnostic space or NFL, whenever we have gone slightly different from our core businesses, at least in the near term it does not seem to be repaying any benefits for the shareholders, would you care to comment on that please?

**Harita Vasireddi:**

I respectfully disagree with your comment on not adding value to the shareholders. I think the past few years' growth would refute the statement. Coming to the investments that we have made in NFL that is a very efficient lab that we have built, and we have reallocated the



resources from our other labs to set up that lab so it is a profitable lab even with such unexpectedly low volume that is a profitable lab. So I would not say that we failed there. On the diagnostics yes but that is mostly on the operational expenditure side not on the capex side. We were a bit I think unduly confident with our expansion into Delhi and Kolkata which have not really worked out for us so that we stand corrected now that we realize is not our strength therefore it will not be our strategic focus also going forward.

**Dhaval Dhama:** Thank you so much Madam and best of luck.

**Moderator:** Thank you. Next question is from the line of VP Rajesh from Banyan Capital. Please go ahead.

**VP Rajesh:** Congratulations on a good rebound on a sequential basis. My question was more on the year-to-year side if you look at your numbers the revenue has gone up by 5.2% but your EBITDA is almost flat year-over-year and majority of that is because of your material and testing cost and the employee cost, so the point I am trying to make is one does not see the operating leverage flowing through so if you can comment on that that will be helpful?

**Narahari Naidu:** Thanks for the question on the margins front of course as you rightly mentioned so we had expected higher numbers in topline which we did not realize because of Q2 underperformance than expectation that that has kind of impacted our overall margin achievement so going forward we are expecting this to improve from the current levels.

**VP Rajesh:** I was just saying that what I am hearing from you is that this 27.5% EBITDA margin can get better in the next coming quarter is that the way I should think about your comment?

**Narahari Naidu:** Yes, it can become better than 27.5% because we are expecting the growth levels to continue or rather improve from the current levels.

**VP Rajesh:** Understood, so just on the cost of material you are saying that there is nothing out of normal in that number in the quarter that went by?

**Narahari Naidu:** No there is no one-off item included in cost of material.

**VP Rajesh:** What was the cash number you mentioned I am sorry I did not catch that?

**Narahari Naidu:** So, we had generated a positive operating cash flow of close to 57-58 Crores for the period ended December 2023 and we were sitting on a cash close to 38 Crores by the end of December 31, 2023, which is despite we incurring a significant amount of capex towards the project expansion despite that we are in a very comfortable cash position.

- VP Rajesh:** That 38 Crores at the end of the December quarter, correct?
- Narahari Naidu:** Correct.
- Moderator:** Thank you. Next question is from the line of Ankeet Pandya from InCred Asset Management. Please go ahead.
- Ankeet Pandya:** Just on the capex front I just wanted to get some clarity now given that food and pharma that we have built capacities and just the demand will see the growth given that in the long term you have also alluded that electronic and environment segment will be also a big driver for the topline growth so going forward by when do you see like the next capex cycle will come for the company because given that environment and electronic is a relatively smaller segment for us currently but when such scaling up, by when do you see that we might go into a capex phase for that particular segment?
- Harita Vasireddi:** We have already created additional space to add one more EMI EMC chamber in the new facility that will commence soon so maybe our expectation is we might get a new chamber in the next 6 to 8 months.
- Ankeet Pandya:** What will the capex requirement that goes into that?
- Harita Vasireddi:** It typically costs about 4.5 to 5.5 Crores.
- Ankeet Pandya:** So not major capex planned at least for the next one-and-a-half years except for this part?
- Harita Vasireddi:** We are just in the process of making our business plans for this upcoming new financial year, so if there are some exciting opportunities in terms of adding new capabilities to our existing services then if such ideas demand that we infuse capex to get those technologies then we might spend more, but at this point of time I am not sure what could be the spending. We are yet to look at the budget proposals.
- Moderator:** Thank you. Next question is from the line of Ankit Gupta from Bamboo Capital. Please go ahead.
- Ankit Gupta:** On the electrical and electronics side given the response for this has been quite good how do you see the scale up happening in the segment over the next two, three years can this segment become 50 Crores kind of contributor to our overall revenue in FY2026 or 2027?
- Harita Vasireddi:** 2026-2027 is about three years away so yes 50 Crores could be a farfetched but about 30 Crores in the next two to three years.

**Ankit Gupta:** Thank you so much.

**Moderator:** Thank you. Next question is from the line of Vilit Sahu, an individual investor. Please go ahead.

**Vilit Sahu:** Madam there are basically two questions one in life sciences you talked about our aspiration to become bigger and larger and longer projects so can you give us some qualitative view on the proof of concepts we are doing, has there been a material shift in the quality of POCs we do in life sciences, so whether it is in terms of geography, are we more into developed regulatory markets versus India and in terms of India is the customer mix changing from our traditional small molecule customers to maybe a new customer so that is one question, the second is in terms of electronics and electrical can you tell us some sectoral tailwinds particularly we see difference, there is a lot of spending etc., so can you give us what kind of trigger you are getting from the marketplace from your sales team?

**Harita Vasireddi:** I just want to reconfirm my understanding of your question. The second half, you want to understand which industries within the electronics and electrical products are giving us a good outcome is that your question?

**Vilit Sahu:** So my understanding is we are mostly into industrial electronics and electrical and electronics equipment and not as much into consumer electric and electronics for example I could be wrong just correct me so I just want to understand what kind of segments you are focusing more and where you see opportunities in next three to five years, as you said you will reach around 30-35 Crores which is like 50-60% growth although on a much smaller base just trying to understand what kind of industries will give you that kind of growth?

**Harita Vasireddi:** I will answer the second portion of your question first. So, Hyderabad is a defense component manufacturers' hub so major portion of our business comes from these defense component manufacturers. The kind of products that we test, and the range is quite impressive, right from these defence components we do even communication systems used in railways, used in aircrafts. We test for drones, we test drones that are used in military, we test drones that are used for agricultural purposes. We have tested even industrial products like HVAC systems, even domestic products like fans, it is a huge variety because the specs that we have built in our lab in terms of the technology capability is quite impressive and can address a lot of product testing requirements and that is about E&E. Coming to the former question about how our customer mix is changing in India we work with most of the manufacturers who have their businesses in Europe, progressive markets of Asia and America, so mix as such is not changing for us. Some of the big players here in India are now expanding their pipelines into peptides and large molecules, so we work with them on the small molecule side, and we wish to build good partnerships on the large molecule side

as well. POCs when it comes to large molecules, they are underway, we have projects in hand, we are just waiting for the samples to kick start those projects.

**Vilit Sahu:** On the second one certainly but on the first one what I was trying to understand more clearly is if the quality then the quantity of COCs are mechanically shifting towards more complex projects and larger lifecycle, we are basically analytics, we are known for that, so is there a material shift we are seeing because this will result in 2-3 years of business going forward it may indicate a direction for the next 2-3 years?

**Harita Vasireddi:** Revenues during product development and during the manufacturing of the product. So, when we are supporting the product development then the project sizes tend to be larger, longer also in duration but once the product is developed and then validated then the recurring continuous samples start coming in, so they have a complementary and actually a compounding effect when we start supporting our customers in developing their products.

**Vilit Sahu:** Last quarter you talked about some regulatory headwind in pharmaceutical testing particularly getting approvals, etc., is that problem still is it continuing or there has been some respite?

**Harita Vasireddi:** No, the licenses are flowing nicely again now, they have come back to the normal timelines, no issues now.

**Moderator:** Thank you. Next question is from the line of Manav from Kawad Investments. Please go ahead.

**Manav:** Thank you for the opportunity. I am sorry if I missed the first portion, first 30 minutes I was not there in the call so not an issue, if it repeats just let me know the remaining information, so my question Madam there are three parts to that question. As we had discussed the capex for the year of 90 Crores, so are we in line with the Q4 also looking in the same lines to complete the capex and how has the additional capacity are we doubling our office space how is it being done and also have you seen the utilization properly used because you said that you will be using the same people, the same machinery will be relocated because we did not have space so how are we seeing that space being utilized now?

**Harita Vasireddi:** On capex there were two components to our capex this year one was for the project, there I think we are going as per our budget and then the other one was for our routine investment that we have not spent as much as we were hoping to spend because we did not do that much of sale, so we did not need to spend that much. Coming to capacity utilization yes initially we will be moving a couple of divisions into the new building, as and when we are

able to grab more opportunities, we will be adding capacities in terms of manpower and equipment.

**Manav:** In the last call you had mentioned that the Europe and US economies are little bit cautioning on their pharma R&D spend are we seeing the recovery happening this quarter or the third quarter also there are some what do you say green shoots or any such sorts of recovery signs or matrices you are tracking from those economies?

**Satya Sreenivas N:** Europe on the business front when it comes to their manufacturing and all I think that is where the challenge is but not in the pharma and biotech segment because Europe is at the forefront of biotech development and that is not slowing down for them. When you said the pharma side of the business, I think that has been good.

**Manav:** You are seeing some recovery happening over there.

**Satya Sreenivas N:** This segment was always protected and also Europe also leads in the agrochemical and specialty chemical business, so we do not see any slowdown there and agrochemical and specialty chemical is highly regulated in most of the European countries, so there is also strengthening of regulations where they want to tighten the limit of most of agrochemical and specialty chemicals.

**Manav:** Then come upcoming year FY2025 what are you seeing the recovery to be as they were in 2021-2022 cycle, are we seeing that kind of spending coming in again because I think the two years there was slow down or some recessionary period do we see that coming back I wanted to make this as a conclusion?

**Satya Sreenivas N:** It is coming back. yes.

**Manav:** It is reviving. Sir on the third part on the JNPT we see the volumes have increased but the values have been the same how have these impacted the volumes and values are the same but have we increased the proportion of business and also if you can just provide some certainty of revenues or any kind of profitability projection from JNPT side because it is a government regulated so if any certainty or any surety can be given on revenues, what can be expected going forward because we are predicted 100 crores will be coming in from 2025 so are we reaching those lines per year?

**Satya Sreenivas N:** But we are still thinking we hope we get 100 crores, but we never made that statement and again the volumes are directly proportional to the value. If the volumes are there the value will also increase, so there is no decrease in value because of doing more work and getting less value so that is not the right assumption again and we had already spoken in detail

about this question earlier also. The volumes are controlled highly by the regulators. We keep making our positions to the regulators because capacity wise we have built a lab which can sustain additional volumes. Again, it is in the hands of the regulators what their forward thinking is or how they think moving forward and allocate more volumes moving forward.

**Manav:** Sir I just wanted to understand your strategy on the large molecule how is it developing if you can just comment any development any substantial, have you seen on the large molecule side, what is the progress going on that side, if you can just comment on it?

**Satya Sreenivas N:** If you look at the 2023 global filings and approvals of a new molecule segment only 36% is from small molecules, the rest is from the large molecule and these large molecules eventually will come to the generic market as well. India is today a major generic player for biologics, we are not innovator except one or two companies and our pharma companies are still striving to get approvals in either Europe or North American market. So as such the investments are good, some companies are still very positive, and more and more products are being added to their portfolio. We as a company on the CRO side we got into this almost a decade ago. We started doing the ancillary services at that time, but in the last five years we have developed capabilities to service these markets in all the three aspects on the preclinical testing, animal testing side, human testing as well as analytical.

**Manav:** Sir just a follow up on the large molecule. Do we have any plans, or do we foresee anything like contract manufacturing, CRM also being done except from just research and the preclinical and the clinical stage apart from that into manufacturing do we foresee any such subsidiaries or any venturing into with other players like association or JV kind of structure?

**Satya Sreenivas N:** As of now nothing that we have looked at very seriously, but yes, it is a logical expansion, and we will take the call.

**Manav:** This point is open for discussion in the Board?

**Satya Sreenivas N:** Yes.

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

**Harita Vasireddi:** I thank everyone for attending this call and it was a nice questions and answers that we had. I just want to thank Vishal and our partner E&Y for joining us in this call. Have a good day. Bye.



*Vimta Labs Limited*  
*February 01, 2024*

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

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(This document was edited for readability purpose)