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Vimta
Driven by Quality. Inspired by Science.

VLL\SE\070\2023-24
Date: 03.11.2023

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 Q2-2024 earnings/investor call held on 30th October 2023.

Please find enclosed herewith the transcript of the Q2-2024 earnings/investor call held on Monday, 30th October 2023.

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
Digitally signed by SUJANI VASIREDDI
Date: 2023.11.03 12:34:31 +05'30'
Sujani Vasireddi
Company Secretary

VIMTA LABS LIMITED HYDERABAD-51

Encl: as above.

"Vimta Labs Limited Q2 FY2024 Earnings Conference Call"

October 30, 2023

MANAGEMENT: **MS. HARITA VASIREDDI – MANAGING DIRECTOR**
MR. SATYA SREENIVAS NEERUKONDA – EXECUTIVE DIRECTOR
MR. NARAHAI 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 the Vimta Labs Limited Q2 FY24 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 this conference, please signal the operator by pressing '*' and 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. Please go ahead, Sir.

Vishal Manchanda: Thanks. Good morning, everyone. On behalf of Systematix Institutional Equities, we welcome you to the Q2 FY '24 Earnings Call of Vimta Labs Limited. We thank Vimta Labs' Management for giving us an opportunity to host the call. Today, from the Vimta Labs we have with us, 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 Mr. Narahari Naidu for the opening remarks.

Narahari Naidu: Thank you, Vishal. Good evening and a very warm welcome to our Q2 FY'24 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 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 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 the updates on the quarter. Over to you.

Harita Vasireddi: Thank you, Narahari. Good evening, everyone. Thank you for joining our Q2 FY24 Earnings Call. Before Narahari takes you through our numbers in detail, let me run you through the general economic landscape and more specifically on how our industry and business have done during Q2.

The global economy remains unsettled with persistent inflation. This is coupled with the geopolitical disruption. These uncertainties have dampened global consumer demand triggering a ripple effect across multiple industries.

Speaking of the industry that we operate in, certain segments of TIC markets, TIC stands for "Testing, Inspection and Certification". These markets are feeling some heat from the global conditions. If I were to elaborate, persisting inflation and lower consumer demand are influencing the import and export dynamics. This is impacting food imports as well and we see decline in volumes at JNPT Port affecting revenues at NFL, which has resulted in lower testing volumes for us. On a brighter note, the government is reportedly working towards reducing import duty tax on certain food items, which is expected to boost imports in coming quarters.

Coming to the Pharmaceutical Segment:

We are noticing some deferment in research spending by some of the overseas companies causing a slight dip in the analytical and clinical trial research market. However, the preclinical market is still seeing strong traction. Overall, the industry is seeing some headwinds, which I think are short term in nature.

Coming to the updates for the Quarter:

Our total income for the quarter stood at Rs. 754 million, which is a degrowth of 6.4% on a year-on-year basis. This was majorly driven by pharma and food business, which was impacted due to low demand and lower volumes, especially the latter. The slow DCGI approvals for BA/BE studies was also one of the major reasons for lack of BA/BE approvals to the CRO industry impacting Vimta as well. E&E continues to see good traction, whereas environment and the diagnostics have remained steady for us.

In essence, despite the temporary setbacks, our business foundation continues to remain quite robust with long-term contracts from our customers. I believe these setbacks are transitory in nature and believe that Q3 will see an uptick compared to Q2 and by Q4 our performance should gain further momentum.

To conclude, given our ongoing discussions with current and prospective customers, I remain confident of delivering growth this year. I also remain confident of achieving our revenue target of Rs. 500 crores by the year 2026.

With this, I now invite our CFO – Narahari Naidu to discuss the financial highlights for the quarter. Over to you Narahari.

Narahari Naidu: Thank you, Ms. Harita. Now I would like to walk you through the consolidated financial performance for the Quarter ended 30th September 2023, after which we can open the floor for question and answers.

I'll start with the Consolidated Financial Highlights for the quarter:

Total income for Q2 FY24 stood at Rs. 754 million as compared to Rs 806 million in Q2 FY23, down 6. 4% on a YoY basis. EBITDA stood at Rs. 179 million in Q2 FY24 as compared to Rs. 261 million in the corresponding quarter, a degrowth of 31.4% on a YoY basis. EBITDA margins for the quarter stood at 23.8%. Lower EBITDA margins were driven by higher employee costs and lower operating leverage. Profit after tax in Q2 FY24 stood at Rs. 63 million as compared to Rs. 132 million in Q2 FY23, a degrowth of 52.1% on a YoY basis. The PAT margin for the quarter stood at 8.4%. PAT margins were driven by higher depreciation and finance cost.

Moving on to Half Year Performance:

Total income for H1 FY24 stood at Rs 1,595 million as compared to Rs 1,606 million in H1 FY23 which is flat on a YoY basis. EBITDA stood at Rs. 432 million in H1 FY24, as compared to Rs. 509 million in H1 FY23, a degrowth of 15.3% on a YoY basis translating into EBITDA margins of close to 27.1%. Profit after tax for H1 FY24 stood at Rs. 185 million as compared to Rs. 252 million in H1 FY23, a degrowth of 26.6% on a YoY basis, translating into a steady PAT margin of 11.6%.

On the Balance Sheet side:

We continue to have net debt-free balance sheet with cash and cash equivalents including other bank deposits of Rs. 262 million. Our total debt stands at Rs. 193 million as on 30th September 2023. CAPEX for the quarter stood at Rs. 421 million. We continue to maintain our CAPEX guidance of Rs. 900 million for FY24.

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

Moderator: The first question is from the line of Lokesh Manik from Vallum Capital.

Lokesh Manik: My question was on the CAPEX side of the business, so we have high technological obsolescence. Machines have depreciated in 5 - 6 years on an average. If you can just share what would be the revenue proportion coming from the older service line and from the new upgraded service lines. Can you give us some idea in terms of whether the depreciation is only as per books, or the machines will actually need replacement?

Harita Vasireddi: For us, our CAPEX investment is continuous, yes, technology does get obsoleted at a much faster pace in today's world than in the yester years. So, we keep on investing in higher-end technologies. That does not mean we are not able to use the equipment that are already deployed for services. So, there are certain tests that will continue to have the same specs that they had for several years. New requirements come up for which we invest in new technologies, so we cannot break up revenues from old and new. It is a good mix and that is quite constant year after year.

Lokesh Manik: But that would be 50-50%, 70-30%. How is the process?

Harita Vasireddi: No, it will be about 10 to 15% on the new ones that we keep introducing every year, either as a new capability or as a capacity expansion. Whenever we invest, we are going in for the latest technologies only. So, the rest will be from the older pool.

Lokesh Manik: We have also mentioned in the past that our facilities are actually fungible across for serving different industries. So, at this time, we are seeing that the headwinds from the export market like you mentioned in your initial comments, we are also seeing good growth coming from the domestic market, and from the electronics segment, how are we standing in that area and what is the growth potential you are seeing there even in this quarter.

Harita Vasireddi: The technologies that are deployed in engineering departments such as our electronics and electrical division are very distinctly different from the ones that we deploy for analytical projects in pharma and food. So, there you do not have any interchangeability.

Lokesh Manik: Between pharma and food, what is the downtime if you have to shift between one process to the other?

Harita Vasireddi: There are no clear lines drawn. They have their individual capacities and then there are some common pool capacities. So, as the need occurs, decisions are taken on the fly with respect to who gets to use which resource.

Moderator: The next question is from the line of Ankit Gupta from Bamboo Capital.

Ankit Gupta: The kind of operating deleverage we have seen during the quarter with around 5 crores degrowth in our top line. We saw a significant decline in the margins from around 32% to 32.5% to almost 23% to 24%. So, if you can talk about what led to such a significant decline in the operating margins.

Harita Vasireddi: That is a very good point that you have raised, although the degrowth is to the tune of about 10% quarter on quarter, we see a significant dip in the bottom line because most of our costs are fixed in nature. The only variable that we have is the materials, consumables, reagents, that kind of things, but everything else like our manpower cost, cost of maintaining equipment, the cost of power fuel, cost of transportation of employees, all these remain quite fixed in nature. Therefore, when you see a dip in revenues, you have already spent on certain incremental capacities, so that sort of adds to the negative dip in the bottom line.

Ankit Gupta: In this quarter, we saw that despite decline in our top line, the cost of reagents has increased, was it more to do with the product mix or like revenue mix with the pharma and the food contributing less during the quarter?

Harita Vasireddi: Yes, there is a revenue mix change here. Now we have animals also as a part of this cost. So, there was probably more expenditure on that side of the operations. That is why you see that slight change in material cost.

Narahari Naidu: Just to add to that. In addition to the change in mix of revenues, the consumption cost would be lower in general when there are higher revenues. As revenues are down by 10% compared to the corresponding quarter, it also had some impact on the overall cost of material.

Ankit Gupta: Our revenue target of Rs. 500 crores by FY26, let's say given the headwinds that we are seeing and assuming some bounce back in our revenue growth during the second half of this year, we would finish, let's say Rs. 320-330 crore of revenue, which we had reported last year itself. So, from Rs. 330 crores or even Rs. 335 crores kind of revenue that we finish this year from there to grow to Rs. 500 crore revenue by FY26, we need our top line to grow by at least 25%. So, what kind of visibility do we have of 25% top line growth for FY25 and 26 for us to achieve our targeted revenue of Rs. 500 crores?

Harita Vasireddi: The slope as you said is definitely going to be steeper. Earlier, we were targeting a 15% year-on-year now that becomes 25%. Our expansion activities are nearing completion. By March, we should be able to Commission the additional capacities that we are creating in terms of building and space and the new capabilities that we have been investing in, is developing over the last couple of years, they should yield higher revenue in addition to our growth. With customer partners. We see continuous growth of business from some of our key customers. So, these remain the key sources of our confidence that we will still meet the Rs. 500 crores target by 2026.

Ankit Gupta: Because in our case, given significant contribution comes from pharma and secondly on the foods, those two engines have to fire for us to reach the Rs. 500 crore mark and as we have been communicating in earlier calls also that in pharma you have been seeing good traction and that gives you confidence of achieving Rs. 500 crore mark. Given the headwind that we're seeing on the pharma side currently. Do we expect some revival in next year in FY26 for pharma to grow significantly and drive our revenue growth?

Harita Vasireddi: Yes, our confidence has not shaken. In fact, our order books are much larger today than even the last quarter. We definitely think that the factors that influence this quarter's results are more external and have less to do with our Company's innate ability to grow. One is, as I was explaining in my opening remarks, DCGI has slowed down in giving BE NOC approvals for conducting BA/BE studies, where this process used to take just a few weeks this is now taking several months. There is a huge backlog, and this is impacting all the companies that are in this service. The other thing is the reduction in imports and the allotment of samples to our NFL lab in Mumbai. That trend we saw till end of September, October is now back to normal and then of course, there is a slight delay in pipelines, actual booked contracts converting into commencement of projects. This is only because of certain delays on the sponsors side. So, all these factors are more to do with the external environment, which seems to be a temporary aberration rather than anything permanent.

Ankit Gupta: The electrical and electronic segment as mentioned in a press release and as you were saying has done well, but how do you see this segment shaping out over the next 2-3 years, do you think this segment can become a Rs. 50-70 crore kind of segment over the next 2-3 years. It is an uphill task to achieve those kinds of numbers?

Harita Vasireddi: Capacity utilization wise, the good news is that we are already working at close to 75% to 80% of our capacity. So, we see very strong growth quarter on quarter. Yes, the numbers are small, the percentage looks big, but till now quarter on quarter, we are seeing a very strong response from the market and if you study this industry closely, there is a lot of push from the government on make in India and the electronics segment is I think going to be one of the biggest beneficiaries of this push from the government. Defense also, there is a mandate that they source defense components from the domestic market up to 50%. That itself will trigger a lot of component manufacturing and Hyderabad is known for being a defense component manufacturer hub. So, there are several factors which give us now a very good feel about the prospects of the electronic industry. Will we reach Rs. 50 to 70 crores in the next two to three years? That is a good question. I will be able to answer with more confidence as we travel for a year or so. So far confidence is very good, the markets are responding to our expectation.

Moderator: The next question is from the line of Ankeet Pandya from InCred Asset Management.

Ankeet Pandya: On the EBITDA margin front where it has come down for almost 22 to 23%, do we see in the second half, given that the strong momentum picking up from third quarter to go back to around 28-29% levels or there can be some downside risk to margin profile for FY24?

Harita Vasireddi: In Q3, our expectation is that we will come back to at least Q1 level or may be even be able to do slightly better there. So, once we are back to those levels, then we will get back the margins.

Ankeet Pandya: So basically, like pharma and the food side will have to again see a bounce back that will be the key for dragging the margins for the second half of FY24, to see it correctly.

Harita Vasireddi: Yes. The only thing that we see is approvals, they are still coming slow unless the regulator does something about it, this may continue, but the good news is what was supposed to come in Q2 will now come in Q3. So, we may not be able to cover up the lag but definitely we can do what we have done in the previous quarter.

Ankeet Pandya: Any particular reason for a delay in approval for these studies in the pharma segment?

Harita Vasireddi: We do not understand them fully, but the regulator has called for a meeting with the industry in mid-November. I think the industry has raised concerns on the delays collectively. So, I think the regulator wants to respond to those concerns. We will know more once this meeting happens on what their plans are. Their speed has definitely dropped to about 30%.

Ankeet Pandya: On the pharma side, this is more on the industry level and on the global scenario. So, in the CRO and the CDMO segment globally, there has been challenges currently on the funding issue. So, can that also be one of the reasons that our Pharma segment is seeing a demand challenge?

Harita Vasireddi: Yes, we also have sensed through our business development efforts in the overseas markets in US and Europe, we do see that there are certain companies that are becoming a little conservative in terms of expanding their R&D pipeline, but we also understand that this could be a temporary phase and they expect to come back to normal investment levels in R&D by Q1-Q2 of next year.

Moderator: The next question is from the line of Dhwanil Desai from Turtle Capital.

Dhwanil Desai: On the food segment. I think last quarter it was indicated that due to challenges like rains and Q1 being impacted by the cyclone, barring that now since things are normal, do you see anything in terms of change in the environment on the non JNPT food business and also if you can give some color on whatever challenges we are seeing on the food side, how much of that is JNPT food and non JNPT food?

Harita Vasireddi: I will not be able to share such detail on our food testing revenues for Vimta and NFL, but the impact that we saw in Q1 was there on both these revenue streams of food division that effect continued at NFL till end of quarter two, but the regular food testing business that Vimta does it picked up from middle of the quarter and it has been stable.

Dhwanil Desai: Okay. So, let's say even if the imports drop at JNPT, did we get a higher share of revenue than last quarter of the total import samples? Are we progressing in terms of getting more share of the samples coming in because that is the journey you want to travel? So, any progress on that?

Harita Vasireddi: There is no information available to us publicly on that, so I will not be able to comment on whether our share is high or not. We did convey our concerns to our partner that the capacities are highly underutilized, so that information is parked with them. They are equally invested in the NFL's project and revenue, so that's the only submission we are able to make with the government.

Dhwanil Desai: On the pharma side, till last quarter, I think we were quite upbeat and this quarter we are suggesting that apart from regulatory issues, there is also some deferment and because of the change in the macroeconomic environment at global scale. Is this like a one or two quarter thing, as people hold back things for slightly longer because they want to see things getting stabilized on our macroeconomic front, so how has been your experience in the past and what is your current conversation with customers telling you?

Harita Vasireddi: Our experience is like this. We work with both small and medium companies and also with large companies, large companies who are more R&D focused. We do sense that they are not putting in any new investments, but they do have some current projects that they will move. That is the sense we are getting from large customers, the smaller ones and mid-sized ones, it does not seem to be impacting them so much. That is the sense we have as of now.

Dhwanil Desai: We said that we may still end the year with some growth over FY23. So, can you give some color whether we are looking at 4%-5% kind of growth or a 10% growth?

Harita Vasireddi: When we started, we were confident of 15% growth. That is where we started and that seems quite challenging given Q2 numbers. I will be able to maybe answer more confidently when we connect again in January. There will be a growth I am not yet able to say what percentage.

Moderator: The next question is from the line of Guneet Singh from CCIPL.

Guneet Singh: So, the Indian Government has permitted private sector to use government labs. So, I just want to understand how will this impact Vimta Labs?

Harita Vasireddi: We do not see any necessity for us to use government labs, and I am also not exactly sure what kind of infrastructure you are referring to or which industries this is related to, but so far, we have not had any thoughts in that direction.

Guneet Singh: Alright, but in terms of competition, do we, I mean foresee any other competitors or any other players coming up who might use the government labs to compete with us.

Harita Vasireddi: I do not know. It is very difficult to comment on that.

Guneet Singh: Regarding the FY24 numbers. So, I mean we are saying that we should be able to see Q1 margins going ahead for the remaining two quarters, and I mean even to maintain the numbers of FY23, we would be needing some growth year-on-year. Is that assumption, correct?

Harita Vasireddi: Yes, we expect H2 to be better than H1.

Guneet Singh: Alright, so that is about 29% plus margins for H2.

Harita Vasireddi: Yes, it should be around that.

Moderator: The next question is from the line of Ankit Gupta from Bamboo Capital.

Ankit Gupta: On the pharma side, if you can talk about how much of the revenues are contributed by large pharma or generic companies based out of India versus VC funded R&D companies who are currently facing some challenges on the funding front.

Harita Vasireddi: I don't have that analysis information with me because it varies from each business unit, so unfortunately, I don't have that information ready to share with you.

Ankit Gupta: But broadly, if you can say like what large pharma will be contributing to our revenues on the pharma side, any broad number that you can share with us across.

Harita Vasireddi: This is quite dynamic quarter to quarter. Our top 10 or top 20 there is usually a churn there.

Moderator: The next question is from the line of Manav from Kawad Investments.

Manav: On the outset, let me first wish you all for your 39 years here since foundation and also wishing SP sir also who has been received Degree at the hands of Finance Minister Nirmala Sitharaman for his continuous efforts in the use of life science and healthcare. So, now my first question is how we are managing our working capital because the way the working capital days are going is little more in the upside where we have to focus more on the downside. So, what is your outlook on improving this working capital cycle going forward?

Narhari Naidu: On the working capital side, currently we are cash sufficient, our debtor's collection days also did not significantly increased rather we have maintained more or less in the range of 95 to 100 days.

Manav: How are you planning to reduce it even further?

Narhari Naidu: Our efforts are continuous to reduce the overall receivable days. We are targeting to reach around 90 days. In fact, if you see the past trend, we started with 105, last year we brought it down to 99. Now we are in the range of 96-97. So, the effects are continuous. That is on the receivable days. When it comes to cash position, we have close to 20 crores in fixed deposit as of September 2023.

Manav: How is the Europe situation going on because you mentioned in the last call clinical sector is facing little bit Europe issues. Are we seeing any recovery or are we seeing any incremental growth from that side?

Harita Vasireddi: I think that comment was made based on certain feedback we had from customers in Europe, mostly in the agrochemical industry. There, we do see a response getting better in terms of their inquiries request for quotes and stuff, so it seems better than before.

Manav: Can you please provide me the employee count which we are operating with as of today?

Harita Vasireddi: We have around 1,400 plus employees.

Manav: Also, can you please provide the total loan book of yours as of today. Total loan book and the split of secured and unsecured?

Narhari Naidu: As of 30th September, the overall outstanding is Rs. 19 crores, which consists of Rs. 12.5 crores of term loan and Rs. 6.5 crores of working capital utilization.

Manav: India is being very optimistic, it might be through Davos 2023, Bio Asia, Invest India, Invest Telangana, Start of India, Make in India, these are all initiative promoting India being the largest labor-intensive economy and we have the largest gene pool across China and population as well, there are various uniqueness of problems which the pharmaceutical and engineering companies are facing across globe. What opportunities do we see here to lead this change and tap the largest gene pool for quicker and better-quality medicines and formulations?

Harita Vasireddi: The biggest shift that we are seeing in the pharmaceutical industry is the shift towards large molecules whether it is biotherapeutics or biosimilar. So, biosimilars are said to have better efficacy and also safety wise supposed to be better than the small molecules. So, in terms of moving towards safer medicines. I think the whole world is walking that way. A lot of biotech ecosystem is now developing and growing in India as well. Therefore, even Vimta has been focusing on enhancing its large molecule capabilities, whether it is on the pre-clinical side or analytical or clinical research side. So, that is definitely a trend that we see, and we are working towards capitalizing on that trend going forward.

Manav: On the team of government support Vimta being life sciences industry and to the state the life Sciences is a major contributor and Telangana undoubtedly has pharma and Genome Valley 2.0 is also coming up. Our recent discussions with these investors- analysts, what major concerns do you see these people have in monetizing our opportunities and also what have we understood around that environment and how can we monetize it more better for these new age industries which are coming in Telangana in particular, in Hyderabad as well.

Harita Vasireddi: Interactions with the investor community have been quite enhanced by Vimta over the last many years. We are very open to interacting with this community and always encourage you to reach out to us in case you want more information or any clarification. So, there has been an increased communication with the investor community, I think there are not many doubts out there, maybe 5 - 10 years ago there was less clarity on where Vimta fits in which industry, but I think there is a good understanding now.

Manav: I presume that you have read this document "The Telangana Life Sciences Vision for 2013", which says that the Telangana was to be a \$50 billion in revenue cluster and \$100 billion in valuation cluster. The document suggests a confidence of growth of 50%. What is stopping us from growing our Company at the level of 30-40%? What shortages are we facing and how can we be the front changers of this revolution?

Harita Vasireddi: I think the platform for that kind of growth is currently under development. We are at the beginning stages, and we are yet to reach a level, specifically, Telangana is yet to reach a level where we could be benefited with a 30-40% growth rate, whether it is pharma industry or electronics, but having said that, the future is really brighter now. We did not even talk of these things maybe a decade ago and now we are talking, and we are seeing examples of that kind of investment coming into the state. So, that gives us more confidence that there is an ecosystem that is being built for companies such as ours to grow and prosper more in the future.

Manav: Also, one of the needs of the hour segment which we cater is wastewater treatment. How are we supporting the government states and also for better execution in their part?

Harita Vasireddi: We do wastewater testing through our Environment division and if there are any government contracts, we participate in government bids and based on the kind of projects that we are able to win, we work with the government partner in such projects.

Manav: How do you see the segment going forward?

Harita Vasireddi: We do not see a market change in this segment. We expect the change to come, the sooner the better for our nation, but I think there is a lot of work to be done at the regulation and implementation level once that starts happening, then we will see good impact on the revenues for a laboratory also.

Manav: The CAPEX we had for this year was planned for Rs. 90crs. So, upcoming, how are we seeing the CAPEX?

Harita Vasireddi: Whenever we do a capacity expansion of this size, it is usually a plan of at least five years. So, any equipment that we buy will be in the normal course of business only.

Manav: Do we have a road map for future CAPEX like Rs.90 crores or Rs.120 crores going forward?

Harita Vasireddi: The CAPEX plan that we have is for expansion and the routine capital expenditure with respect to equipment. Going forward, we would have what we would routinely spend, which is typically the depreciation amount. This will again change possibly if we have some exciting customer partnerships developing. So, no specific numbers on that yet.

Moderator: The next question is from the line of Lokesh Manik from Vallum Capital.

Lokesh Manik: My question was on the Order Book. I am not sure if you are sharing that number, but what would the same be for the quarter across all your businesses and what is the time frame for executing this order book?

Harita Vasireddi: No, we do not go into the specifics of order book.

Moderator: Thank you very much. Due to time constraint, we will take that as a last question. I now hand the conference over to the management for the closing comments, please go ahead.

Harita Vasireddi: I want to once again thank everybody for joining us on this Q2 earnings call. Appreciate all the good questions that were posed to us. We look forward to connecting with you again after the next quarter. Thank you.

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

(This document was edited for readability purpose)