

**Market Cap.**

Rs.1,097.2 Cr.

**52 Week H/L**

Rs.621 / 289

**CMP**

Rs.495

**Target Price**

Rs.727

## PHARMA

### STOCK DATA

**BUY**

 Reuters Code **VIML.BO**  
 Bloomberg Code **VL IN**

 BSE Code **524394**  
 NSE Symbol **VIMTALABS**

 Face Value **Rs.2**

 Shares Outstanding **2.22 Cr.**

 Avg. Daily Volume (6m) **82556 Shares**

#### Price Performance (%)

1M	3M	6M
11	13	10

**200 days EMA Rs.425**

### SHARE HOLDING (%)

Promoters	37.0
FII	2.9
FI/MF	1.5
Bodies Corporate	30.6
Public & Others	28.1

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Vimta Labs Ltd. recently announced its performance for the quarter ended December 31, 2023. Following are the key highlights.

Particulars (Rs.in cr)	Q3 FY24	Q3 FY23	YoY	Q2 FY24	QoQ
Net Sales	81.7	76.5	6.8%	73.4	11.3%
EBITDA	21.8	21.0	3.9%	15.9	37.5%
<b>EBITDA Margin</b>	<b>26.7%</b>	<b>27.5%</b>	<b>(80 bps)</b>	<b>21.6%</b>	<b>510 bps</b>
Profit before Tax	13.5	13.7	(1.4%)	8.4	61.0%
Profit after Tax	10.1	10.0	1.8%	6.3	60.1%
<b>PAT Margin</b>	<b>12.4%</b>	<b>13.0%</b>	<b>(60 bps)</b>	<b>8.6%</b>	<b>380 bps</b>
AEPS	4.5	4.4	2.5%	2.8	59.0%

### Highlights from the Quarter (Q3 FY24)

Consolidated sales for the quarter were at Rs.81.7 cr, recording a growth of about 6.8%/11.3% yoy/qoq respectively. Approvals from DCGI (Drug Controller General of India) for Bioavailability & Bioequivalence (BA-BE) studies have picked up pace, which is reflected in strong qoq growth. Pharma companies are shifting their focus to developing large molecules, with 64% of global approvals being large molecules. The company is building the capabilities for the testing of large molecules and is confident of getting business from the new customers. Electronic testing is witnessing strong traction and the company will add one more chamber in the new facility in the next 6-8 months, which should enhance its capacity. Vimta is likely to spend Rs.4-5.5 cr for the additional EMI/EMC chamber. The majority of EMI/EMC business comes from defence component manufacturers based in Hyderabad. Testing of defence equipment is expected to pick up as there is a mandate to source components from the domestic market to up to 50%, which should drive electronic testing going forward. Apart from defence components, the company also tests communication systems used in the railways, aircraft and drones used in agriculture and military purposes.

Following is the guidance given by the company:

- 1) Sales to reach Rs.500 cr by FY26, aided by capacity expansion in FY24.
- 2) Capacity expansion to be completed by mid-March 2024.
- 3) EBITDA margins are expected to improve with an increase in the top line.

### OUTLOOK AND VALUATION

We expect the FY26E EPS to be Rs. 35.5 and the PAT margin to be 16.6%. We have assigned a P/E multiple of 21X and arrive at a Target Price of Rs. 727, showcasing an upside potential of 47% from current levels with an investment horizon of 18-24 months, with a BUY rating on the stock.

Particulars	Revenue (Rs. Cr)	PAT (Rs. Cr)	NPM (%)	EPS (Rs.)	P/E (X)	ROE (%)
FY23	318.2	48.2	15.1%	21.8	22.7	18.7
<b>FY24E</b>	<b>349.0</b>	<b>51.9</b>	<b>14.9%</b>	<b>23.5</b>	<b>21.1</b>	<b>17.0</b>
<b>FY25E</b>	<b>411.9</b>	<b>66.1</b>	<b>16.1%</b>	<b>29.9</b>	<b>16.6</b>	<b>18.5</b>
<b>FY26E</b>	<b>473.7</b>	<b>78.5</b>	<b>16.6%</b>	<b>35.5</b>	<b>14.0</b>	<b>18.6</b>



### Earlier Recommendation

Date	Report Type	Reco	Price (Rs.)	Target (Rs.)
21-Aug-23	Re-Instating Coverage	Buy	581	727
1-Nov-23	Q2FY24 Update	Buy	436	727

**Profit & Loss Statement**

(Rs. Cr)

Particulars	FY23	FY24E	FY25E	FY26E
<b>Revenue</b>	<b>318.2</b>	<b>349.0</b>	<b>411.9</b>	<b>473.7</b>
Cost of Raw Materials	73.9	84.8	100.1	113.7
Employee Cost	91.1	100.5	117.4	134.5
Other Expenses	58.4	62.8	72.1	81.9
<b>EBITDA</b>	<b>94.9</b>	<b>100.9</b>	<b>122.3</b>	<b>143.5</b>
Depreciation	30.7	30.7	32.9	37.4
Interest Cost	2.6	3.0	3.0	3.0
Other Income	3.4	3.0	3.0	3.0
<b>PBT</b>	<b>65.0</b>	<b>70.2</b>	<b>89.4</b>	<b>106.1</b>
Tax	16.8	18.2	23.2	27.6
<b>APAT</b>	<b>48.2</b>	<b>51.9</b>	<b>66.1</b>	<b>78.5</b>

**Balance Sheet Statement**

(Rs. Cr)

Particulars	FY23	FY24E	FY25E	FY26E
Net block	157.0	196.1	204.4	209.6
Capital WIP	12.3	69.8	41.2	42.6
Intangible assets	17.8	20.6	27.0	35.0
Deferred tax	4.3	6.0	5.0	12.0
Sundry debtors	80.0	90.0	105.6	121.4
Inventories	22.6	26.5	29.4	33.4
Cash and bank	39.8	18.7	34.8	28.0
Loans and advances	0.1	0.1	6.0	8.0
Others	28.4	24.0	59.0	78.0
<b>Total Assets</b>	<b>362.3</b>	<b>451.7</b>	<b>512.3</b>	<b>568.1</b>
Equity Share Capital	4.4	4.4	4.4	4.4
Reserves	277.4	324.9	382.1	451.8
<b>Net worth</b>	<b>281.8</b>	<b>329.3</b>	<b>386.6</b>	<b>456.2</b>
Total loans	15.0	26.3	23.2	27.4
Other Current Liabilities	65.5	96.1	102.6	84.5
<b>Total Liabilities</b>	<b>362.3</b>	<b>451.7</b>	<b>512.3</b>	<b>568.1</b>

Source: Company, Sushil Finance Research

**Cash Flow Statement**

(Rs. Cr)

Particulars	FY23	FY24E	FY25E	FY26E
PAT	48.2	51.9	66.1	78.5
Depreciation	30.7	30.7	32.9	37.4
Finance Cost	2.6	3.0	3.0	3.0
Provision for Taxes	16.8	18.2	23.2	27.6
Changes in Working capital	(0.2)	3.2	(19.1)	(35.9)
<b>Cash Flow from Operating</b>	<b>98.1</b>	<b>107.0</b>	<b>106.2</b>	<b>110.6</b>
Changes in PP&E	(38.0)	(69.8)	(41.2)	(42.6)
Changes In Others	(6.3)	(63.1)	(3.8)	(18.4)
<b>Cash Flow from Investing</b>	<b>(44.3)</b>	<b>(132.9)</b>	<b>(45.0)</b>	<b>(61.1)</b>
Changes in Debt	(4.4)	11.4	(3.1)	4.2
Others	(16.7)	(2.2)	(33.2)	(51.6)
<b>Cash Flow from Financing</b>	<b>(21.0)</b>	<b>9.2</b>	<b>(36.3)</b>	<b>(47.4)</b>
Cash at the Start of the Year	11.4	39.8	18.7	34.8
Changes in cash flow	28.1	(21.1)	16.1	(6.8)
<b>Total Cash &amp; Cash Equivalents</b>	<b>39.8</b>	<b>18.7</b>	<b>34.8</b>	<b>28.0</b>

**Financial Ratio Statement**

Particulars	FY23	FY24E	FY25E	FY26E
<b>Growth (%)</b>				
Revenue	14.3%	9.7%	18.0%	15.0%
EBITDA	18.2%	6.3%	21.3%	17.3%
Net Profit	13.2%	7.8%	27.4%	18.7%
<b>Profitability (%)</b>				
EBITDA Margin	29.8%	28.9%	29.7%	30.3%
Net Profit Margin	15.1%	14.9%	16.1%	16.6%
ROCE	22.7%	20.7%	22.3%	23.2%
ROE	18.7%	17.0%	18.5%	18.6%
<b>Per Share Data (Rs.)</b>				
EPS	21.8	23.5	29.9	35.5
BVPS	127.3	148.8	174.7	206.2
<b>Valuation (x)</b>				
P/E	22.7	21.1	16.6	14.0
P/BV	3.9	3.3	2.8	2.4
P/SALES	3.1	2.8	2.4	2.1
EV/EBITDA	10.6	9.9	8.2	7.0
<b>Turnover</b>				
Debtor days	92	94	94	94
Inventory days	112	114	107	107
Creditor days	71	69	69	69

Source: Company, Sushil Finance Research

**Rating Scale :**

This is a guide to the rating system used by our Institutional Research Team. Our rating system comprises of three rating categories.

<b>Total Expected Return Matrix (Rating and Return)</b>	<b>BUY : Over 12%</b>	<b>HOLD : -12% to 12%</b>	<b>SELL : Below -12%</b>
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