

Market Cap.

Rs.966 Cr.

52 Week H/L

Rs.621 / 289

CMP

Rs.436

Target Price

Rs.727

HEALTHCARE

STOCK DATA

BUY

 Reuters Code VIML.BO
 Bloomberg Code VL IN

 BSE Code 524394
 NSE Symbol VIMTALABS

Face Value Rs.2

Shares Outstanding 2.2 Cr.

Avg. Daily Volume (6m) 86,366 Shares

Price Performance (%)

1M	3M	6M
(22)	(9)	17

200 days EMA Rs.462

SHARE HOLDING (%)

Promoters 37.0

FII 2.7

FI / MF 2.8

Bodies Corporate 30.7

Public & Others 26.7

RESEARCH ANALYST

 Umesh Matkar | +91 22 4093 4078
 umesh.matkar@sushilfinance.com

SALES

 Devang Shah | +91 22 4093 6060/61
 devang.shah@sushilfinance.com

Vimta Labs Ltd. recently announced its performance for the quarter ended September 30, 2023. Following are the key highlights.

Particulars (Rs.in cr)	Q2 FY24	Q2 FY23	YoY	Q1 FY24	QoQ
Net Sales	73.4	79.9	(8.1%)	83.5	(12.1%)
EBITDA	15.9	25.4	(37.4%)	24.7	(35.6%)
EBITDA Margin	21.6%	31.8%	NM	29.5%	(790 bps)
Profit before Tax	8.4	17.8	(52.8%)	16.3	(48.5%)
Profit after Tax	6.3	13.2	(52.1%)	12.2	(48.1%)
PAT Margin	8.6%	16.5%	NM	14.6%	NM
AEPS	2.8	5.9	(51.6%)	5.4	(47.6%)

Highlights from the Quarter (Q2 FY24)

Consolidated sales for the quarter were at Rs.73.4 cr recording a de-growth of about 8.1% yoy. Slower approvals from DCGI (Drug Controller General of India) for Bioavailability & Bioequivalence (BA-BE) studies impacted the pharma segment in the current quarter, while preclinical is seeing strong traction. The company is confident that these headwinds are temporary in nature and it expects qoq growth in Q3FY24. Electronic testing is witnessing strong traction with the current capacity utilization at ~80%. Testing of defence equipment is expected to pick up as there is a mandate to source components from the domestic market to upto 50%, which should drive electronic testing going forward. Food inflation and lower consumer demand impacted the import of food items. However with the Govt of India reducing import duty on the food items, it is expected to boost import in the coming quarters.

Following is the guidance given by the company:

- 1) Revenue in H2FY24 to be higher than H1FY24, with growth in FY24.
- 2) Sales to reach Rs.500 cr by FY26, aided by capacity expansion in FY24.
- 3) Q3FY24 topline to be better than Q2FY24, with EBITDA margins closer to 30%, a significant improvement over the current quarter.

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 67% 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	20.0	18.7
FY24E	349.0	51.9	14.9%	23.5	18.6	17.0
FY25E	411.9	66.1	16.1%	29.9	14.6	18.5
FY26E	473.7	78.5	16.6%	35.5	12.3	18.6



Earlier Recommendation

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

Profit & Loss Statement

(Rs. Cr)

Particulars	FY23	FY24E	FY25E	FY26E
Revenue	318.2	349.0	411.9	473.7
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
EBITDA	94.9	100.9	122.3	143.5
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
PBT	65.0	70.2	89.4	106.1
Tax	16.8	18.2	23.2	27.6
APAT	48.2	51.9	66.1	78.5

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
Total Assets	362.3	451.7	512.3	568.1
Equity Share Capital	4.4	4.4	4.4	4.4
Reserves	277.4	324.9	382.1	451.8
Net worth	281.8	329.3	386.6	456.2
Total loans	15.0	26.3	23.2	27.4
Other Current Liabilities	65.5	96.1	102.6	84.5
Total Liabilities	362.3	451.7	512.3	568.1

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)
Cash Flow from Operating	98.1	107.0	106.2	110.6
Changes in PP&E	(38.0)	(69.8)	(41.2)	(42.6)
Changes In Others	(6.3)	(63.1)	(3.8)	(18.4)
Cash Flow from Investing	(44.3)	(132.9)	(45.0)	(61.1)
Changes in Debt	(4.4)	11.4	(3.1)	4.2
Others	(16.7)	(2.2)	(33.2)	(51.6)
Cash Flow from Financing	(21.0)	9.2	(36.3)	(47.4)
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)
Total Cash & Cash Equivalents	39.8	18.7	34.8	28.0

Financial Ratio Statement

Particulars	FY23	FY24E	FY25E	FY26E
<u>Growth (%)</u>				
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%
<u>Profitability (%)</u>				
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%
<u>Per Share Data (Rs.)</u>				
EPS	21.8	23.5	29.9	35.5
BVPS	127.3	148.8	174.7	206.2
<u>Valuation (x)</u>				
P/E	20.0	18.6	14.6	12.3
P/BV	3.4	2.9	2.5	2.1
P/SALES	2.7	2.5	2.1	1.8
EV/EBITDA	9.3	8.8	7.2	6.2
<u>Turnover</u>				
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.

Total Expected Return Matrix (Rating and Return)	BUY : Over 12%	HOLD : -12% to 12%	SELL : Below -12%
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Sushil Financial Services Private Limited

Member : BSE / NSE - SEBI Regn. No. INZ000165135

Research Analyst – SEBI Registration No. INH000000867

Compliance officer / Grievance Officer:

Mr. Suresh Nemani – Phone : +91 22-40935000

Email : suresh.nemani@sushilfinance.com

Grievance Email - compliance@sushilfinance.com

Regd. Office : 12, Homji Street, Fort, Mumbai 400 001.

Phone: +91 22 40936000 Fax: +91 22 22665758

Email : info@sushilfinance.com

Analyst Stock Ownership	Yes
Stock Recommended to Clients	Yes
Remuneration/Benefits received from company in 12 months	No
Merchant Banking Market Making activities / projects	No
Sushil Financial Services Pvt. Ltd and Group Companies Holding	Yes
Sushil Financial Services Pvt. Ltd and Group Directors Holding	No
Broking Relationship with the company covered	No