

Market Cap.

Rs.1,117 Cr.

52 Week H/L

Rs.621 / 289

CMP

Rs.504

Target Price

Rs.727

PHARMA

Vimta Labs Ltd. recently announced its performance for the quarter ended March 31, 2024. Following are the key highlights.

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) **5,24,394 Shares**
Price Performance (%)

1M	3M	6M
4	(1)	13

200 days EMA Rs.468
SHARE HOLDING (%)

Promoters	36.9
FII	6.1
FI / MF	1.4
Govt. Holding	-
Bodies Corporate	31.2
Public & Others	24.4

RESEARCH ANALYST

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Particulars (Rs.in cr)	Q4 FY24	Q4 FY23	YoY	Q3 FY24	QoQ
Net Sales	79.7	80.8	(1.4%)	81.7	(2.4%)
EBITDA	24.4	23.6	3.6%	21.8	11.8%
EBITDA Margin	30.6%	29.2%	140 bps	26.7%	390 bps
Profit before Tax	16.3	16.0	1.9%	13.5	20.6%
Profit after Tax	12.4	12.3	0.8%	10.1	21.9%
PAT Margin	15.5%	15.2%	30 bps	12.4%	310 bps
AEPS	5.5	5.5	1.1%	4.5	22.4%

Highlights from the Quarter (Q4 FY24)

Consolidated sales were at Rs.79.7 cr, recording a flat growth for the quarter. Out of the total revenue, 60% of the total sales comes from the pharma sector, food segment contributes ~20%, while rest of the sales come from Electronic & Electrical testing, Diagnostics and Environment testing. Vimta recently forayed into clinical trails in the pharma space and has won a large long term contract last quarter for Analytics from an innovator company. Management anticipates break even for the clinical trails division this year. The Food segment experienced initial setbacks due to supply chain disruptions caused by various external factors. However, this segment has begun to recover and shows promise for continued improvement. Additional capacity to the tune of 2.0 lakh sq ft (current capacity is 4 lakh sq ft) is likely to come up by June 2024, which will double the capacity of the company. Vimta is likely to generate a revenue of Rs.600-700cr, with increase in its capacity in long term.

Following is the guidance given by the company:

- 1) Sales to reach Rs.500 cr by FY26, aided by capacity expansion in FY25.
- 2) Given the volume experienced in H2FY24, the management expects growth in the coming quarter.
- 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. 32.3 and the PAT margin to be 16.6%. We have assigned a P/E multiple of 22X and arrive at a Target Price of Rs. 727, showcasing an upside potential of 44% 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
FY24P	318.3	41.3	13.0%	18.7	26.5	13.7
FY25E	411.9	60.3	16.1%	27.3	18.2	17.5
FY26E	473.7	71.6	16.6%	32.3	15.3	17.8



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
7-Feb-24	Q3FY24 Update	Buy	495	727

Profit & Loss Statement

(Rs. Cr)

Particulars	FY23	FY24P	FY25E	FY26E
Revenue	318.2	318.3	375.5	431.9
Cost of Raw Materials	73.9	75.9	91.3	103.7
Employee Cost	91.1	99.3	107.0	122.7
Other Expenses	58.4	55.9	65.7	74.7
EBITDA	94.9	87.1	111.5	130.9
Depreciation	30.7	34.2	30.0	34.1
Interest Cost	2.6	2.1	3.0	3.0
Other Income	3.4	4.0	3.0	3.0
PBT	65.0	54.8	81.5	96.7
Tax	16.8	13.5	21.2	25.2
APAT	48.2	41.3	60.3	71.6

Balance Sheet Statement

(Rs. Cr)

Particulars	FY23	FY24P	FY25E	FY26E
Net block	157.0	156.4	164.0	168.7
Capital WIP	12.3	58.6	37.6	38.9
Intangible assets	17.8	14.7	27.0	35.0
Deferred tax	4.3	7.8	5.0	12.0
Sundry debtors	80.0	87.0	96.3	110.7
Inventories	22.6	24.7	26.8	30.5
Cash and bank	39.8	25.8	67.3	60.7
Loans and advances	0.1	0.0	6.0	8.0
Others	28.4	25.0	59.0	78.0
Total Assets	362.3	400.0	489.0	542.5
Equity Share Capital	4.4	4.4	4.4	4.4
Reserves	277.4	315.3	366.7	429.5
Net worth	281.8	319.7	371.1	433.9
Total loans	15.0	19.2	22.3	26.0
Other Current Liabilities	65.5	61.1	95.6	82.6
Total Liabilities	362.3	400.0	489.0	542.5

Source: Company, Sushil Finance Research

Cash Flow Statement
(Rs. Cr)

Particulars	FY23	FY24P	FY25E	FY26E
PAT	48.2	41.3	60.3	71.6
Depreciation	30.7	34.2	30.0	34.1
Finance Cost	2.6	2.1	3.0	3.0
Provision for Taxes	16.8	13.5	21.2	25.2
Changes in Working capital	(0.2)	(15.6)	7.8	(32.3)
Cash Flow from Operating	98.1	75.5	122.3	101.6
Changes in PP&E	(38.0)	(33.6)	(37.6)	(38.9)
Changes In Others	(6.3)	(40.9)	(22.3)	(18.3)
Cash Flow from Investing	(44.3)	(74.5)	(59.9)	(57.2)
Changes in Debt	(4.4)	4.2	3.1	3.8
Others	(16.7)	(14.8)	(15.1)	(46.0)
Cash Flow from Financing	(25.5)	(15.1)	(20.9)	(51.0)
Cash at the Start of the Year	11.4	39.8	25.8	67.3
Changes in cash flow	28.1	(14.0)	41.6	(6.7)
Total Cash & Cash Equivalents	39.8	25.8	67.3	60.7

Financial Ratio Statement

Particulars	FY23	FY24P	FY25E	FY26E
<u>Growth (%)</u>				
Revenue	14.3%	0.0%	18.0%	15.0%
EBITDA	18.2%	(8.2%)	28.0%	17.3%
Net Profit	13.2%	(14.2%)	45.8%	18.7%
<u>Profitability (%)</u>				
EBITDA Margin	29.8%	27.4%	29.7%	30.3%
Net Profit Margin	15.1%	13.0%	16.1%	16.6%
ROCE	22.7%	16.3%	21.7%	22.4%
ROE	18.7%	13.7%	17.5%	17.8%
<u>Per Share Data (Rs.)</u>				
EPS	21.8	18.7	27.3	32.3
BVPS	127.3	144.5	167.7	196.1
<u>Valuation (x)</u>				
P/E	22.7	26.5	18.2	15.3
P/BV	3.9	3.4	3.0	2.5
P/SALES	3.1	3.1	2.6	2.3
EV/EBITDA	10.6	11.5	9.0	7.7
<u>Turnover</u>				
Debtor days	92	100	94	94
Inventory days	112	119	107	107
Creditor days	71	40	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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Analyst Stock Ownership	No	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	