

RECOMMENDATION SNAPSHOT				
*CMP	MCap (Rsbn)	Recommendation	Target	Potential Upside
Rs505	22.6	Accumulate	Rs650	29%

*as on 07th May, 2026

About the Company:

Vimta Labs Limited (Vimta), headquartered in Hyderabad was established in 1984. It is India's most comprehensive, contract research and testing organization, providing wide range of services to pharmaceuticals, biopharmaceuticals, food, consumer products, agrochemical, healthcare, medical device and many other industries. The business landscape includes analytical, clinical, preclinical services to life sciences industries; quality and safety testing for food and beverage industries; and environment services to a wide spectrum of industries. The company has been supporting many national and overseas companies for more than three decades, for their third party testing, research and outsourcing needs. With a highly diverse, multi-disciplinary team of 1000+ employees, including scientific and technical professionals, the company's expertise and high standards of quality systems have enabled it to partner with global market leaders, as well as small, medium and virtual companies, across industries. Ms. Harita Vasireddi is the Managing Director.

Results: Quick Glance:

- On consolidated basis, the total revenue grew by 15.7% to Rs1092mn as compared to Rs944mn in Q4FY25
- The Ebitda margin for the quarter stood at 36.0% as against 35.0% in the corresponding quarter of last year
- The company reported a net profit of Rs211mn as against Rs183mn in the comparative quarter
- The EPS for the quarter under review stood at Rs4.73 as compared to Rs4.11 in the corresponding period of last year
- For FY26, the revenues came in at Rs4073mn as compared to Rs3440mn; growth of 18.4% while the PAT stood at Rs775mn as against Rs668mn. The EPS came in at Rs17.4 as against Rs15.0 in FY25
- The Board has recommended dividend of Rs2 per equity share for FY26 subject to shareholders approval

Conference Call Highlights:

- In terms of **global market opportunities**, the pharmaceutical & analytical testing market is expected to grow at a CAGR of ~8.4% by 2030, preclinical: CAGR of ~8.7% by 2034, food testing: CAGR of ~7.4% by 2030, environment testing: CAGR of ~4.6% by 2030 and electronics testing: CAGR of ~5.8% by 2030
- With regard to the **segmental** performance, Pharma has been the largest contributor both through domestic as well as international customers. The food testing business had a good momentum maintained. Electronic and environmental testing is scaling as per expectations. The overall broader environment is favourable for the company; keeping in mind the uncertainties from the macro side. Through compliance and quality Vimta is placing itself strong in the expanding wellness ecosystem
- The **foods segment** performance was good for the quarter with the transitioning of labs completed (Pune to Nashik and shifting to the new LifeScience building). The segment is expected to ramp up going forward as the stringency from the govt. is increasing in terms of the ingredients (spices in the spotlight) of packaged foods; leading to higher sample inflows for Vimta
- **Environment division** has been a defocus area for the company in the near term with no major expectations
- For the **electronic and electricals (E&E)** testing, the entire scope of services meant for E&E has been accredited by NABL and certified by TEC (Telecommunication Engineering Centre). FY26 was not exciting due to leadership challenges faced in the tech as well as business development front which has been resolved and thereby strong momentum is expected going forward. For the electronics space with Atmanirbhar Bharat leading to indigenizing of defence tools/vehicles; it calls for high level of testing and with Hyderabad being hub for defence OEMs, Vimta stands strong to benefit. The Management foresees this business segment as a sunrise industry with major thrust particularly from defence and telecom anticipated over the next couple of years. The regulations are being developed and the industry is expected to have good growth opportunities over the medium to long term. To capitalize on the secular tailwinds the Management has indicated that opening of new laboratories is one way for growth in this segment
- The share of **exports** has remained stable during the quarter; primarily led by pharma services across pre-clinical, clinical as well as analytical services. For Q4 the contribution stood at 38% of the revenues
- The company is establishing a **subsidiary** in US with the intend to maintain a close connect with its customers overseas
- For the company's foray into the **biologics CDMO space**, the Management has indicated of already commencing the work with few pharma clients for new product developments (small molecule peptides and biologics), analytical services. The process/systems/equipment and people are in place; the company would work on building traction and onboarding good clients

Conference Call Highlights (contd.):

- FY27E would be the maiden year of business for biologics and would be attributed to execution learning and deliverability; hence no significant contribution is penciled from this segment but the long-term potential is significant. Initially the scope of work would be only contract research; developing products for clients. The company has indicated of strong enquiries both from Indian markets as well as the US, EU to mention a few. In terms of competition, there are leading companies in the CRDMO space but for Vimta in specific the company benefits in terms of offering end-to-end solutions which provides opportunities across the globe for the company. As far as challenges are concerned, the Management indicated that the Indian market is yet to see traction for biologics (the focus is more towards peptides); the facility will be utilised for peptide as well as biologics
- **Financials:** (i) the company has Rs650.6mn as cash balance as on 31st Mar 2026, (ii) the total debt as of 31st Mar, 2026 at Rs33.3mn, continues to be net debt free with D/E for FY26 at 0.01. There has been a substantial reduction in debt compared to Rs85.15mn in FY25, (iii) the RoE and RoCE stands at 17% and 21% respectively for FY26, (iv) capex incurred for FY26 stood at Rs998mn. Generally, it is the depreciation of the previous year which is taken as the minimum capex for the year ahead

Financials:

Performance (Q4&FY26)									
Q4&FY26 Result (Rs mn)	Mar-26	Mar-25	y-o-y	Dec-25	q-o-q	FY26	FY25	y-o-y	FY27E
Total Revenue	1092	944	15.7%	986	10.8%	4073	3440	18.4%	4806
EBITDA	394	330	19.2%	342	15.0%	1415	1219	16.0%	1697
Other Income	28	16	67.7%	18	50.2%	90	42	-	90
Interest	3	4	(26.7%)	2	-	12	19	(38.6%)	7
Depreciation	128	92	38.4%	109	16.8%	438	353	24.0%	475
Exceptional Items	0	0	-	16	-	16	0	-	0
Tax	79	67	18.3%	58	37.1%	264	222	18.9%	328
Net Profit	211	183	15.3%	176	20.1%	775	668	16.1%	976

Outlook and Recommendations:

The year has been of strong execution, resilience and strategic progress for Vimta focusing on its core strength and laying the foundation for growth ahead. There has been consistent growth throughout the year across the four service lines of the company. All the segments of preclinical, clinical and analytical have met expectations for the quarter. On the **segmental** performance, the **Pharma** segment and food testing contributed to almost 90% of the revenues and have been doing well with strong momentum expected going forward as well. Pharma as an industry was strained due to tariffs in the last year; however, with normalization/reversal of tariffs, the small lull last year is expected to be reversed. The **food** testing business was impacted due to the war especially for import testing that Vimta carries out like testing through NFL. The **E&E segment** continued to gain traction and had a stable performance for the quarter and the year on the whole. **Environment testing** is a small part and not the focus area of the business as the opportunity is not that high. Overall, it was a decent quarter for the company considering the macro uncertainties and impact of the same. The company has reported highest ever revenue during a quarter with 15.7% y-o-y growth; and expects to pick up on the momentum with Rs1200-1300mn run-rate/quarter. The Ebitda margins came in at 36%; which are one of the best in the industry, despite the higher input costs, translating into PAT growth of 15.3% y-o-y. For FY26, revenues grew by 18.4% and PAT grew by 16.1% respectively. The company had set the target of Rs5bn for FY26 which was revised to Q4FY26 exit rate, post the diagnostic business hive off; but it did not work out due to all the mentioned macro reasons. Vimta aims to achieve the same in FY27E, although with a pinch of caution towards the headwinds of external factors. In terms of the margins, the Management has indicated that there could be (+-1/2%) impact if the input costs continue to be elevated, although overall is sustainable with increase in revenues. The long-term growth strategy is aligned with the growing industries that the company caters to. With the capacities in place, the focus would be towards manpower and equipment additions in terms of capex alongwith deployment towards biologics CR&D. Overall, the Management continues to be optimistic about the strategic direction coupled with robustness of service offerings which can drive sustainable growth going forward. We have achieved our target of Rs550 and recommend booking 15% profits for the same. We maintain an accumulate on the stock for a revised target of Rs650.

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Registered Office Address:

Progressive Share Brokers Pvt. Ltd,
122-124, Laxmi Plaza, Laxmi Indl Estate,
New Link Rd, Andheri West,
Mumbai-400053, Maharashtra
www.progressiveshares.com | Contact No.:022-40777500

Compliance Officer:

Ms. Mamatha Poojari,
Email: compliance@progressiveshares.com,
Contact No.:022-40777500

Grievance Officer:

Email: grievancecell@progressiveshares.com