

BUZZING

STOCK

Vimta Labs Ltd.

CMP – Rs.131

Analyst

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Key Stock Data

Sensex	12,415
Nifty	3,576
Sector	Contract Research
Bloomberg	NA
Reuters	VIML.BO
No. of shares (m)	22.1
Market Cap (Rs m)	2763.5
Market Cap (US\$ m)	62
52-week H/L	Rs.269/123

Shareholding Pattern (%)

Promoters	36.42
Mutual Funds	19.02
FII's	21.53
Corporate Bodies	2.29
Pubic & Others	19.50

Overview – Vimta Labs operates in the area of multi-disciplinary contract research and testing services. It provides contract research in the area of clinical research, pre-clinical studies, and clinical reference lab services, environmental assessments and analytical testing of wide variety of products. It has also got international accreditations and quality certifications like ISO/IEC 17025-1999 to its credit. It has also bagged an award for Outstanding CRO Management in 2006 by IDMA-APA. Vimta also boasts to have six Fortune 500 companies comprising its client portfolio along with three of the Top 10 generic drug development companies.

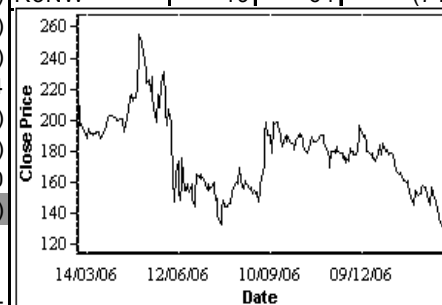
New Life Sciences Facility – Second quarter of FY07 saw commissioning of New Life Science Facility at S.P. Biotech Park, Genome Valley in Andhra Pradesh. Genome Valley is the first state-of-the-art biotech cluster in India for life science research, training and manufacturing activities. This new facility would comprise of advanced molecular research facility, which would include genomics and proteomics. Vimta also plans to have customer specific laboratories to meet global outsourcing demands and would also be converting it into global standard Research Process Outsourcing (RPO) facility.

Promising Future of Clinical Research – Vimta's focus area include research and testing in water, food, drugs and clinical and specialized tests under clinical reference laboratory services. India is a preferred hub for multinational players for conducting clinical trials of new chemical entities due to discounted costs, rich pool of English speaking professionals, numerous treatment-naïve volunteers and faster rate of delivery of services. However, it lags on regulatory facilitation front but would be catching up with global standards in years to come. Further, Government exempting clinical trials on new drugs from service tax is another booster for the industry.

Valuation - Vimta reported 11% YoY growth in its Q3FY07 revenue of Rs.151m. The EBITDA of Rs.67m increased by 6% YoY but the margins decreased by almost 200 bps due to commissioning of Life Science Facility. PAT taking the toll of increased depreciation of 129% YoY decreased by 50% YoY at Rs.16m. The stock is currently trading 24x TTM EPS of Rs.5.30.

Financial Snapshot

Vimta Labs Ltd.				Rs.m			Ratios (%)			
	Q3 FY07	Q3 FY06	Chg. (%)	FY06	FY05	Chg. (%)		FY06	FY05	Chg.(%)
Financial Year End: March										
Net Sales	151	136	11	542	522	4	Debt -Equity	0.3	0.4	(3)
Other Income	12	1	1883	4	1	350	PBIDTM	48	51	(7)
Total Income	163	137	19	546	523	4	PBDTM	47	50	(7)
Total Expenditure	96	74	30	288	256	12	RoCE	22	77	(72)
PBIDT	67	63	6	258	267	(3)	RoNW	19	64	(71)
Interest	12	1	933	4	5	(9)				
PBDT	54	62	(12)	254	262	(3)				
Depreciation	30	13	129	50	38	34				
Tax	8	17	(56)	73	80	(8)				
Reported Profit After Tax	16	32	(50)	135	141	(4)				
Extra -ordinary Items	0	0	0	0	0	0				
Adj. Profit After Extra-ordinary item	16	32	(50)	135	141	(4)				
No. of shares (m)	22	4	-	22	4	-				
EPS (annualised.) (Rs.)	2.9	35.6	-	6.1	39.1	-				
P/E	45.2	3.7	-	21.4	3.3	-				



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