



EQUITY STRATEGISTS

FUNDAMENTAL PICK

LOW RISK / SUPER RETURN

HOLDING PERIOD – SIX MONTHS

Dated – 31st Oct 2003

VIMTA LABS

Present Price – Rs.142

Projected Price – Rs.200

- ❖ **Vimta Labs promoted by Dr Vasireddi is a Hyderabad based contract research and testing laboratory engaged in testing and validation of foods & drugs, chemicals, minerals and agri-products, pesticides, clinical research and pathology. The company employs about 280 people of which 200 are Scientists and Engineers.**
- ❖ **VIMTA has the capabilities to conduct tests on agri-products, chemicals, drugs, foods, minerals, metals, petroleum products, engineering and building materials for physico-chemical, biological and mechanical parameters. Research is undertaken in the fields of chemicals, foods & drugs. Data generation for regulatory purposes on agro-chemicals and drugs is undertaken as per GLP/ GCP requirements. Specialized services of performance evaluations and failure investigations are conducted on critical materials.**
- ❖ **The company is operating in a niche area where it has established its credibility. The company is committed to the customer and meeting promised delivery schedules. The company is focusing on becoming the most comprehensive CRO by 2005.**
- ❖ **The company is engaged in contract research and testing activities in:**
 - 1. contract research- clinical and pre clinical**
 - 2. clinical specialty diagnostics**
 - 3. analytical testing of water, food, drugs, chemicals, petroleum products ,als etc**
 - 4. environment management and impact assessment**

- ❖ **Vimta Labs accredited by NABL and ANVISA has a well spread out customer base comprising of market leaders from India and abroad and in our opinion, the company has a huge scale of opportunity in clinical research, contract research and analytical services since such activities constitute a win-win for Vimta as well as the MNC interested in outsourcing. Vimta is in the process of commissioning regional pathological laboratories in order to expand its path lab business in South India. The strategy is to adopt a regional business model while appointing franchises for business generation.**
- ❖ **The company is into clinical as well as preclinical testing. In clinical testing the company is currently into phase 1 and bio equivalence testing. The company will be embarking on clinical trials phases 2, 3 and 4 shortly, especially phase 4 which is lucrative as more and more drugs that are imported require phase 4 trials. Currently, the company is focused on providing assistance in generic molecule research.**
- ❖ **The company has an Equity capital of Rs.3.60 cr and in Q2FY04 it has earned a net profit of Rs.1.73 cr as against Rs.0.38 cr in the corresponding previous period. NP for FY03 was Rs.2.06 cr. Annualised EPS works out to around Rs.20 which discounts the current price by just 7.1 times. The company expects to grow by around 100% in the next two years.**

BUYING IS RECOMMENDED FOR MEDIUM AND LONG TERM INVESTMENT.

Disclaimer: The recommendations made herein do not constitute an offer to sell or a solicitation to buy any of the securities mentioned. Readers using the information contained herein are solely responsible for their actions. The information and views contained herein are believed to be reliable but no responsibility or liability is accepted for errors of fact or opinion. Editors may or may not have trading or investment positions in the securities mentioned herein.

EQUITY STRATEGIST is published by
D Prasad & Jatiinder Sharrma
(9810018028) (9899252034)
011-31011052 011-55604045

Available through Subscription Only
B - 231 C, Greater Kailash - I
NEW DELHI – 110 048
contactus@equitystrategist.net