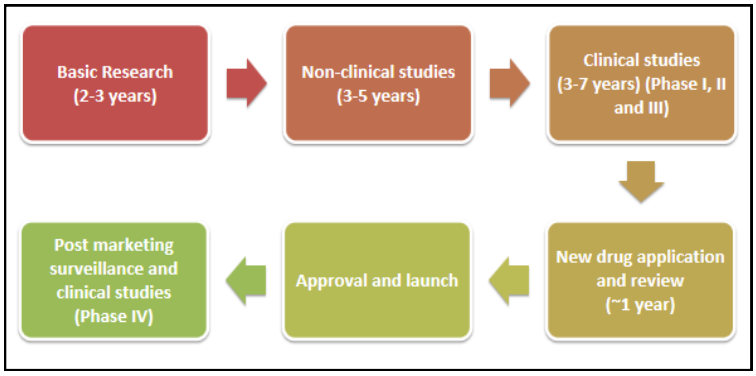
May 06, 2021	PICK OF THE MONTH	VOL-7, NO-04
Industry: Healthcare Services	Vimta Labs Limited	BUY
CMP: Rs.240	TARGET PRICE: Rs.325	TIME : 12 months

Industry Overview: Testing and Trials

The Drug Development Process: encompasses all the activities involved in transforming a compound from being a drug candidate to a product that is market approved by all the necessary regulatory authorities. Before the drug is deemed suitable for the patients; it has to go through a stringent testing and cost-effective analysis. According to the FDA, the drug development stages are categorized as stated under:

- Discovery and Development
- Pre-clinical Research
- Clinical Research
- FDA Review
- FDA Post-market Safety Monitoring

Exhibit 01: Stages of Drug Development Process

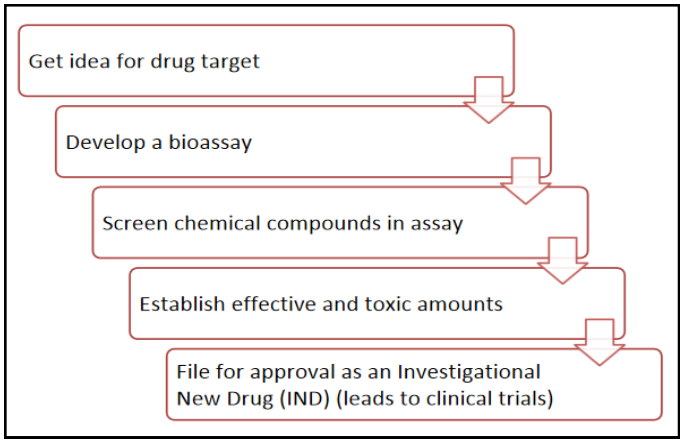


Source: Japan Pharmaceutical Manufacturers Association Guide, Progressive Research

What is Pre-clinical Research/Trials?

Pre-clinical trials can be defined as lab tests for a new drug or new medical device usually done on animal subject to see its efficacy before it is tested on humans (clinical trials). Overall, the drug development process involves extensive research to market the drug at a rapid pace in order to meet the growing competition as well as simultaneously serve the patient needs. This has led the industry to evolve where pharma companies now adapt and prefer to outsource critical functions including manufacturing and research which has thereby led to a surge in the number of Contract Research Organizations (CROs) which typically engage in the discovery and development services catering to the requirements of mainly the pharmaceutical, biotechnology and medical device industries. They generally co-ordinate and execute the activities in all aspects of drug development process right from initial discovery to its launch and with focus on trials too (as this stage helps in analysis of patient data and efficacy of the drugs).

Exhibit 02: Steps to New Drug Discovery Preclinical Trials



Source: www.slideshare. net/Azeemsales/preclinical-studies-56331424, Progressive Research

SNAPSHOT	
52 week H / L	Mcap (INR mn)
304/66	5,295
Face value: 2	
BSE Code	NSE CODE
524394	VIMTALABS

Annual Performance				
(Rs mn)	FY19	FY20	FY21E	FY22E
Total Revenue	2,126	1,807	2,056	2,361
EBITDA	575	300	494	590
EBITDA (%)	27.1	16.6	24.0	25.0
Other Income	19	30	8	8
Interest	46	38	23	29
Depreciation	197	209	223	273
PBT	351	83	255	297
PAT	253	69	189	219
Equity (Rs mn)	44	44	44	44
EPS (INR)	11	3	9	10

Quarterly Performance				
Parameters (Rs mn)	Mar-20	Jun-20	Sept-20	Dec-20
Sales (Net)	432	326	588	582
EBITDA	50	37	158	166
EBITDA (%)	11.5	11.2	26.9	28.5
Other Income	17	2	0.4	3
Interest	12	6	3	6
Depreciation	53	56	58	57
PAT	2	(19)	73	80
Equity (Rs mn)	44	44	44	44

Ratio Analysis				
Parameters (Rs mn)	FY19	FY20	FY21E	FY22E
EV/EBITDA (x)	9.4	18.2	11.1	9.3
EV/Net Sales (x)	2.6	3.0	2.7	2.3
M Cap/Sales (x)	2.5	2.9	2.6	2.2
M Cap/EBITDA (x)	9.2	17.6	10.7	9.0
Debt/Equity (x)	0.2	0.3	0.2	0.3
ROCE (%)	21	6	14	15
Price/Book Value (x)	3.1	3.1	2.8	2.6
P/E (x) TTM	16.6	11.6	25.9	21.8

Shareholding Pattern as on 31st March, 2021		
Parameters	No of Shares	%
Promoters	8,281,483	37.5
Institutions	24,600	0.1
Public	13,801,727	62.4
TOTAL	22,107,810	100.00

Source: Annual Report

Note: All the data is calculated as per Market Price on 05th May, 2021

May 06, 2021	PICK OF THE MONTH	VOL-7, NO-04
Industry: Healthcare Services	Vimta Labs Limited	BUY
CMP: Rs.240	TARGET PRICE: Rs.325	TIME : 12 months

Industry Overview: (contd.)

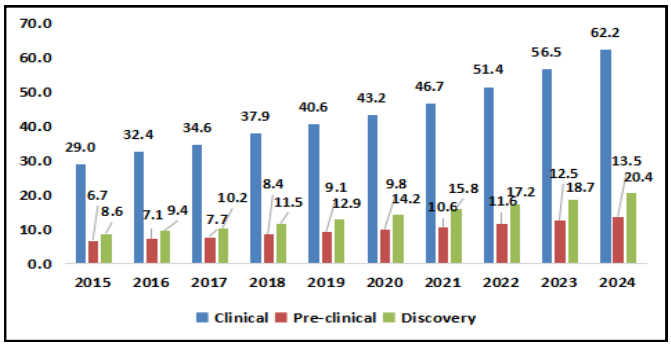
Preclinical CRO Domestic Market: As per Market Research Future, the Indian CRO market is classified based on services of clinical trials, product development process, post marketing surveillance, quality monitoring and others. On the basis of therapeutic application; the market is segmented into oncology, cardiovascular, neurology, nephrology and urology; whereas, on the basis of end users into pharmaceutical/biopharmaceutical companies, medical devices companies and academic institutes. Some of the key players in this market are Quintiles IMS Holdings, Inc., Syngene, Pharmaceutical Product Development, LLC., Siro Clinpharm, Clininvent Research Pvt. Ltd., Vimta, Bilcare Limited, Aizant Drug Research Solutions Private Limited, Piramal Pharma Solutions, Synapse Labs Pvt Limited, Eurofins Scientific, Laurus Labs, Neuland Laboratories Ltd, and Parexel International Corporation.

Preferred CRO Market– India: (i) Acceptance of international guidelines and intellectual property rights, (ii) Presence of diverse types of climatic conditions that allow stability studies to be performed with ease at one destination, (iii) Educated and accessible human resources, (iv) Presence of diverse ethnic pool thus enabling diverse sample for clinical trials, (v) Low operational cost due to cheap human resource, (vi) Availability of a large pool of patients and hospitals. **Pharma companies use CROs** as they get access to capabilities, innovation, higher quality and efficient execution with expertise which are not found in-house. There is a shift from fixed to a variable cost model that reduces the use of internal resources. It helps in reducing the capital requirements. Overall, accelerated development timelines lead to the quicker route to hit the markets.

Global Preclinical CRO Market: According to Grand View Research, the global preclinical CRO market size is expected to reach USD8.4bn by 2028 growing at a CAGR of 8.1% from 2021-2028. The CRO market is expected to witness lucrative growth over the forecast period due to increasing R&D expenditure and increasing volume of new drugs entering the preclinical phase and an upward outsourcing trend.

What is Analytical Testing? The pharma industry largely involves R&D production and marketing of licensed drugs which have extensive regulations worldwide ensuring that the drugs are safe and thus effective for use. This also a requires USFDA approval for raw materials/ingredients that go in the making of a molecule so as to confirm on the quality and purity of the drugs. In order to detect any impurities at various stages of drug development, **pharmaceutical analytical techniques** is thereby an essential step in drug production.

Exhibit 03: Global Pharma CRO Market Size (USD bn)



Source: www.statista.com, Progressive Research

Pharmaceutical Analytical/Testing Outsourcing Market: Pharmaceutical Analysis is a much broader term that encompasses a series of processes towards identification, determination, separation, purification and the structure of the compounds put to use in formulating any pharmaceutical product/drug. It mainly lays emphasis on drug analysis in terms of raw materials/APIs and formulations. Furthermore, R&D contributes significantly to the development process of any new drug to be marketed. Many large pharma players try to de-risk their R&D efforts and pace up the drug development process in order to market the drug in the defined geographies. To ensure a fast-track process which would help reduce/avoid high fixed costs, many pharma players settle for the **outsourcing option.** As per Grandviewresearch.com, the global pharmaceutical analytical testing outsourcing market size is anticipated to reach USD12.4bn by 2028 registering a CAGR of 8.3%. The factors influencing this growth are increased focus on regulations, safety & quality testing, increasing R&D spends, investments towards the drug development process, etc.Furthermore, the lengthy drug approval process coupled with regulatory checks lead to reduction in return on investments, thus enhancing company's preference towards outsourcing services.

Food Testing: Food testing and analysis is a quality check assuring that the food is safe for the consumers and the contents are non-adulterated. The general laboratory testing of products include the following techniques:

(a) Analytical chemical testing: involves chemically separating and analyzing different components of the food product, including pH, additives, preservatives, colors, contaminants, and so on.

(b) Food microbiology testing: involves analysis for microorganisms that contaminate food and is usually done on the raw materials, ingredients and the final product.

(c) Food nutritional analysis: involves finding out the nutritional composition of food and other information for product labeling.

(d) Food allergen testing: to find the target allergen in the ingredients and finished products.

(e) Sensory testing: this is the most basic method of testing, which involves using the human senses.

Clinical Diagnostics: The healthcare industry in India is amongst the top priority sectors that comprises of hospitals, medical devices, clinical trials, outsourcing, telemedicine, diagnostic equipments etc. Of these, diagnostic segment is one of the major player in the healthcare sector which is expected to grow at more than 20% over the next 4-5 years (as per Vimta Labs AR2020). Growth in this sector would be attributable to factors such as change in the demographics, increase in lifestyle diseases, higher income levels across the society, awareness on healthcare services and insurance.

May 06, 2021	PICK OF THE MONTH	VOL-7, NO-04
Industry: Healthcare Services	Vimta Labs Limited	BUY
CMP: Rs.240	TARGET PRICE: Rs.325	TIME : 12 months

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.

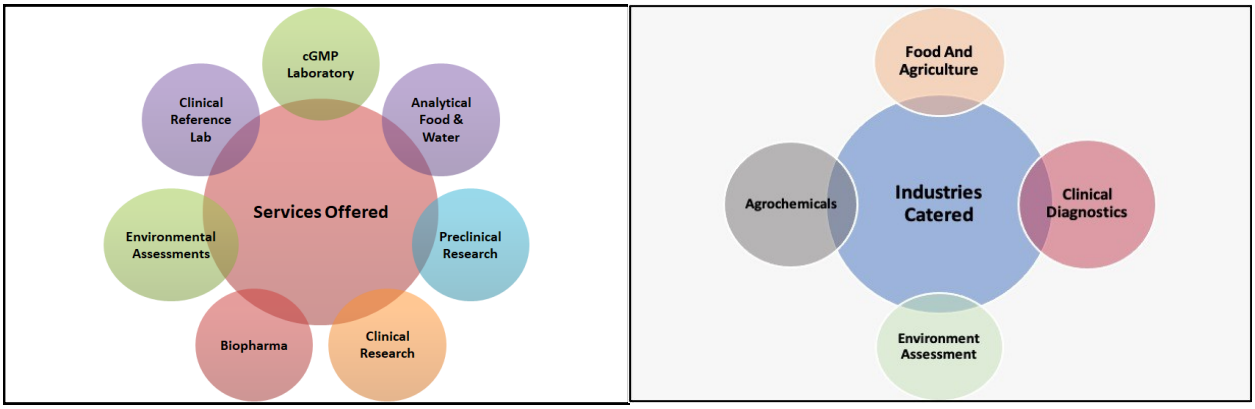
Vimta has a network of 16 labs in India, including food testing labs and clinical diagnostics labs. With a highly diverse, multi-disciplinary team of 1000+ employees, including scientific and technical professionals, the company's expertise and high standards of quality systems have enabled it to partner with global market leaders, as well as small, medium and virtual companies, across industries. The company has Ms. Harita Vasireddi as the Managing Director.

INVESTMENT RATIONALE:

A) Range Of Services Offered:

- Drug life cycle management, development and discovery support services in the areas of preclinical research Good Laboratory Practice (GLP and non-GLP), clinical research, central lab and Current Good Manufacturing Practice (cGMP) as well as non-GMP analytical services for pharmaceutical and biopharmaceutical companies
- Preclinical research and testing services for medical device companies
- Contract research and testing for agro-science companies
- Food testing and analytical development services to support manufacturers, processors, farmers, retailers, traders, exporters, regulators (viz. FSSAI, BIS, APEDA, EIC, etal.). Vimta is a national referral lab for testing of water, alcoholic & non-alcoholic beverages
- Clinical diagnostic services with patient service and sample collection centers across India
- Environmental services such as impact assessments and post project monitoring, to various industries such as power, infrastructure, cement, oil & gas, mining etc.
- Electronic and electrical products testing

Exhibit 04: Service Portfolio and Industries Catered



Source: Company Website, Progressive Research

(i) cGMP Laboratory Services:

- Wide range cGMP compliant large capacities, market leader in contract testing and analytical R&D services
- 1st Lab in Asia to be pre-qualified by WHO for Medicines Programme Inspection of Quality Control Laboratory
- Successfully audited by USFDA
- 1st Laboratory in India to offer Customer Specific Contract Laboratories

According to FDA, the main regulatory standard for ensuring pharmaceutical quality is the Current Good Manufacturing Practices (cGMP). The crux of this standard is to give the consumer the assurance that each batch/dose of medicines undertaken by them had undergone a quality check and is thus safe and effective for use. cGMPs provide the system all from maintenance check on the quality of raw materials, to detecting the product quality and maintaining reliable testing laboratories. Vimta is the No.1 choice in India and a specialist in analytical services, supporting the pharmaceutical, biopharmaceutical and animal health industry. The analytical services caters to the entire life cycle from early phase drug development, to regulatory submissions and GMP manufacturing, to post marketing analytical testing requirements. The company offers comprehensive routine analytical services as well as ad-hoc and highly specialized testing services using modern technologies. It serves either on a fee for service or FTE service model and can assist in filling capability gaps and /or short term and long term capacity requirements. Vimta has extensive experience in supporting customers with data for regulatory submissions, which has been well accepted by Indian, USA and several European regulatory bodies. Therefore, the value addition is not only on cost and rapid turnaround time, but also in delivering high quality, knowledge based robust data and solutions for analytical challenges.

INVESTMENT RATIONALE (contd.):

(ii) Food Testing and Analysis:

- Food safety evaluations for regulatory compliance
- NABL Accredited, APEDA recognized, EIC Accredited, FSSAI notified
- First lab in India to be approved by European Commission for Analysis of PCPs in Food Exports to Europe
- PAN India network with state of the art laboratories

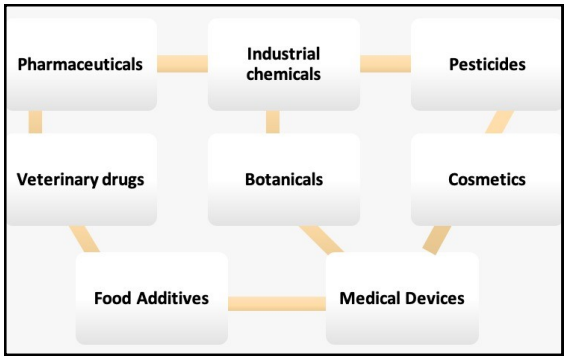
Vimta is India's leading provider of food testing and analysis services. With a pan India network of 10 state-of-art food testing laboratories; it has one of the most extensive food testing capabilities and infrastructure in the country. It supports quality and safety testing requirements of various food industry segments through not only routine chemical and microbiological tests, but also through specialized tests/services for allergens, GMOs, dioxins & furans, trace heavy metals, label claims, radioactive isotopes, vitamins and minerals. It also offers custom method development and validation. Services covered under this segment includes: (i) food microbiology (ii) nutritional analysis (iii) pesticide residues (iv) food additives (v) adulteration (vi) vitamins, minerals (vii) food packaging testing amongst others. Over the years, food testing business has become a key focus. As per the management, over the next five years it could easily double revenues from the current levels. So far the company has invested around Rs600mn.

(iii) Preclinical Research:

- AAALAC accredited and GLP certified facility for leveraging global data acceptability
- Impurity qualification resources using in-silico, invitro and in-vivo toxicology studies
- Biocompatibility evaluation for Medical Device and Packaging Materials
- Innovative experimental approaches for drug repurposing program

Vimta has proved to be a one-stop-shop for discovery research by being a proficient preclinical partner facilitating drug discovery research with dedicated multi-disciplinary team in pharmacology, DMPK, safety pharmacology, toxicology and bio-analysis. The company has over 20 years of experience in facilitating selection of right candidate using in-silico, in-vitro and in-vivo models. The ultra-modern AAALAC accredited and GLP certified facility for leveraging global data acceptability has helped it benchmark and redefine quality. Vimta adds value through reliability, quality, time management and cost-effectiveness. The company stands to be a proficient preclinical partner facilitating integration of multiple scientific disciplines and evaluating relationships of dose, exposure, safety & efficacy. It has established a strong track record of completing several projects in IND/ NDA-enabling general toxicology and safety pharmacology studies. Vimta has maintained the record of providing critical preclinical research data and innovative solutions through conduct of right studies at the right time with proven experimental design, quality compliant management systems, experienced professionals and state-of-the-art facilities with current technologies.

Exhibit 05: The Different Arenas Covered



Source: Company Website, Progressive Research

(iv) Clinical Research:

- Since 1995, one of the pioneering CRO in India
- Expertise and leadership in bioequivalence and bioanalysis services covering in-vivo/ in-vitro, healthy volunteers and patient studies
- Strong local know-how and international regulatory experience

Vimta has been the leading and most reputed choice in the country for excellent quality clinical research services to Pharma, Biotech and Life-science industries, the success of which is driven by commitment to support customers win through thorough understanding of the critical importance of time, technical on-time support, ethical care to subject safety, effective project management and strong GCP & GLP compliance. It has rich experience, vast knowledge, advanced technologies and IT powered processes to conduct clinical studies. With strong local know-how and more than two decades of international regulatory experience, Vimta is the right partner for conducting clinical research studies in India.

With regard to the CRO business or on clinical side of business, broadly there are four verticals of business, in which Pharma tends to be typically around 60-65% of the overall revenue, food is around 15%, diagnostics tends to be in the range of 15-20% and the rest is other services.

The expertise and leadership in **Bioequivalence and Bioanalytical (BA/BE)** studies over the years has been extended to offer wider range of clinical research services such as clinical end point studies, claim studies for cosmetics and consumer care products, and clinical studies for complex nutraceuticals. The clinical and bioanalytical sites are approved by CDSCO, Government of India. The company has a successful regulatory audit track record by several regulatory authorities viz; USFDA, WHO, MCC, DCGI, NPRA, UKMHRA and other European countries to mention a few.

INVESTMENT RATIONALE (contd.):

(v) Biopharma:

- Supporting development of biosimilars, industrial enzymes characterisation, genetic markers testing, biomarkers identification, biological assays
- Partnering with industry, academia, research institutes & individual research scientist fraternity

The new division, Biopharma has been setup in 2014. The cGMP compliant laboratory is equipped with state of the art technologies such as LC-MS 5600+, HPLCs, ABI-Sequencing platform, q-PCR, MALDI-TOF, Bioplex 200 and Multimode plate reader etc. The scientific team has the expertise to characterize biosimilar products such as recombinant proteins and peptides, monoclonal antibodies or nucleic acid-based drugs and can help design and conduct safety and efficacy studies. Vimta is a leading service provider in India offering extensive structural and functional analysis for Biological molecules.
The comprehensive services include: (a) Product Characterization (Orthogonal approach), (b) Lot release assays, (c) Process and Product related impurity testing, (d) Stability testing, (e) Bioassays, (f) Extractables & Leachables, (g) In vivo, In vitro potency testing, (h) Monoclonal and Polyclonal anti-sera production, (i) Sterility testing, (j) Toxicology studies, (k) In vitro bio-waiver studies.

(vi) Environment Division:

- 1st Environment Protection Act recognized Lab in India since 1986
- Accredited by QCI-NABET by providing Environmental Impact Assessment and Consultancy Services

The company's **environment division** has always been at the national forefront, since 1986, to help provide better environment through its environmental assessments, consultancy and testing services. It has over 30 years of rich experience in providing quality and professional environmental services for sustainable development of various industrial segments. The key is quality and customer focus. It works towards sharing its knowledge and working in partnership with customers to develop innovative and cost effective solutions. The company offers extensive research and consultancy services in the field of environment.
To address the near term uncertainties and project execution challenges, Vimta has diversified its environmental services portfolio to include continuous emissions monitoring systems calibration/audit, performance guarantee testing, compressed air quality monitoring, and indoor air quality monitoring with more focus on regional business.

Exhibit 06: Projects Undertaken: Domestic and International

Project Description	Domestic Presence	Project Description	International Presence
Pollution Monitoring around Taj Trapezium	Uttar Pradesh	Evaluation and design of local marketing facilities and petrol filling stations	Kuwait
Pre and Post Satellite Launch Studies for SHAR, ISRO	Andhra Pradesh	Performance evaluation and design of effluent treatment plants for MARAFIQ	Saudi Arabia
Environment Assessment studies for major airport	New Delhi, Mumbai, Chennai, Bangalore	EIA for Mufindi Paper Mills	Tanzania, East Africa
CPCB sponsored studies for 'Alternate Fuel Replacement Studies' in the cement and pharma industry for evolving emission standards	-	EIA studies for Cameroon Aluminium Project	Cameroon, West Africa
CPCB sponsored studies for paint industry, hot mix plants for developing standards for COINDS documents	-	Source Emission Monitoring for cement industries	Sri Lanka

Source: Company Website, Progressive Research

(vii) Clinical Reference Lab:

- ISO 15189 Accredited by NABL 15189 & CAP Accredited
- Routine and specialized Clinical Reference diagnostic services
- Central Lab Services to support clinical trials

B) Expansion into Electrical Testing-EMTAC Partnership:
EMTAC i.e. Electrical/Electronic, Mechanical, Thermal Assessments and Certifications, was established to develop as a premier laboratory and certification body in the fields of physical security products, electrical, electronic and mechanical. EMTAC Laboratories Ltd is NABL and NABCB accredited, Bureau of Indian Standards approved and TEC designated laboratory, established in Nacharam, Hyderabad, India since 2015. The operations of the company are spread across (i) Physical Security Products (PSP) involving mechanical and thermal testing, (ii) Electrical & Electronics (E&E) and (iii) Certifications.

INVESTMENT RATIONALE (contd.):

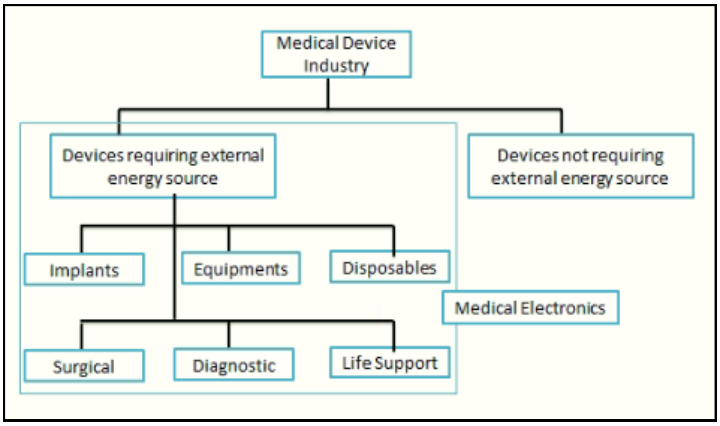
B) Expansion into Electrical Testing-EMTAC Partnership (contd.):

EMTAC has three core services. One is testing of electronics and electrical products against Standards. Second one is testing of physical security product such as bank lockers, strong room doors, fire resistant doors etc., and third one is certification business which is currently for physical security products.

On 4th March, 2020, Vimta Labs completed the acquisition of 34.16 lakh equity shares (100%) of EMTAC Laboratories, thus making it a wholly owned subsidiary of the company. With the help of this acquisition, Vimta has opened doors to expand its services to new set of business revenue which includes electronics and electrical testing of various products. This forward integration move undertaken by Vimta provides a visibility to the management to achieve a target revenue of ~Rs100cr in the next 5-6 years. The samples will be received by Vimta in its laboratory with typically three kind of tests done namely, performance test, safety test and environmental test. The company is putting up an Electromagnetic Interference/ Electromagnetic Compatibility (EMI/EMC) capability in order to support the R&D requirements and EMTAC would be in a position to compliment the same as they already have some safety and performance testing equipment's with them, so overall put together, Vimta would offer end-to-end services, for such products.

With regard to the electronic and electrical project update, the equipment was purchased in Q2FY21, with qualifications expected to be completed by Q4FY21 and commercialization of these services targeted for Q1FY22. Furthermore, NABL accreditation for ISO17025 is expected by August 2021. The management at Vimta too anticipates the potential of electrical and electronic business to be close to Rs1,000cr and expects that this market to grow exponentially further. As per FICCI Report (2020), the Medical Electronics market is a sub-segment of the entire medical devices market. Like the Rx drugs, the medical devices too are regulated by the FDA. The medical devices market can be classified in two major categories- devices that require external energy source to be operational (powered) and those that do not require any external energy source. Powered devices are further classified as Equipments, Implants and Disposables. Some of the growth triggers include, growing population, ageing, disposable income, heightened manufacturing innovation to create customized products to meet the needs of all income segments, changing disease prevalence pattern (e.g. early onset of diabetes and heart diseases) and growing awareness among the middle class to focus on early detection and disease prevention.

Exhibit 07: Segmentation of the Medical Device Industry



Source: FICCI Report, Progressive Research

C) Accreditations and Inspections: In order to adhere to the quality standards and regulations that are needed in the medical device industry, Vimta has established itself as a strong and dedicated contender backed by professionals from different disciplines. The company is committed towards executing reliable (patient) test results assisted with combination of processes which promotes an efficient and a technologically appropriate devices in accordance with the applicable national and international standards.

Vimta has the following accreditations attached with its decades' experience:

- NABL (National Accreditation Board for Testing & Calibration Laboratories) as per ISO/IEC 17025, ISO 15189:2007
- College of American Pathologists (CAP) Certificate
- Drug Controller General (India) Approval (DCGI)
- USFDA

Over and above these accreditations, the company has been audited over 40 times by the regulatory authorities from countries such as Brazil, Denmark, France, Germany, India, UK, WHO to name a few. Inspections undertaken by the USFDA, for analytical and clinical research services where the company conducts BA/BE studies always have had very good outcomes since 2004-2005.

Risks and Concerns:

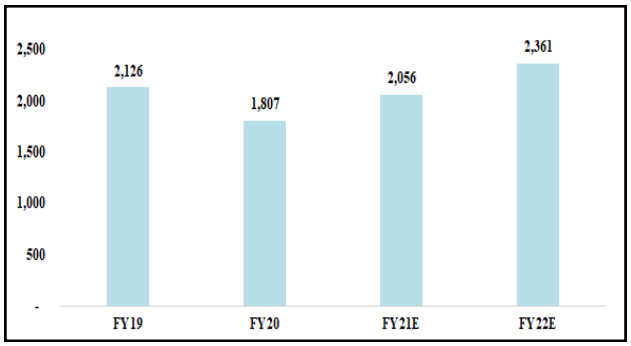
- **Quality Related Risks:** Poor performance in regulatory audits & accreditation body audits can adversely impact the business.
- **Financial Risks:** Vimta makes continuous investments in capacity expansion, market reach and new business streams. These investments are based on good business judgement through market study, backed up by strong planning and risk mitigation measures. However, time factors and market dynamics could delay results and/or create risks in obtaining returns on investment.
- **Data Risks:** As a third party provider of services, it often gets into various service agreements with customers including requirements on data confidentiality, data security and IP protection. Given the large scale of human resources involved in the organization, and the inherent vulnerability of IT solutions deployed, company may be at risk as a result of unintentional violations of customer contracts and agreements, which could further lead to significant legal risks for the business.
- **Other Risks:** Critical equipment breakdowns, power breakouts, short supply of any input material or consumable fire and natural calamities.

Industry: Healthcare Services | **Vimta Labs Limited** | BUY

CMP: Rs.240 | TARGET PRICE: Rs.325 | TIME : 12 months

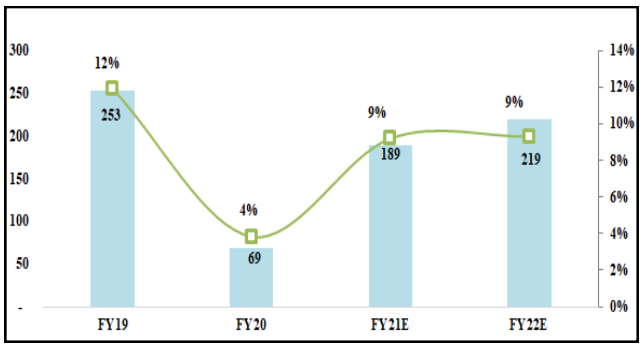
Financials in Charts:

Exhibit 08: Net Sales Trend (Rs mn)



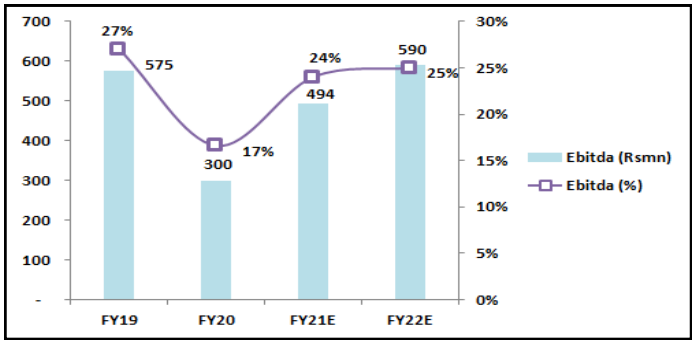
Source: Annual Report, Progressive Research

Exhibit 09: Net PAT (Rs mn) v/s PAT Margins



Source: Annual Report, Progressive Research

Exhibit 10: Ebitda (Rs mn) v/s Ebitda Margins

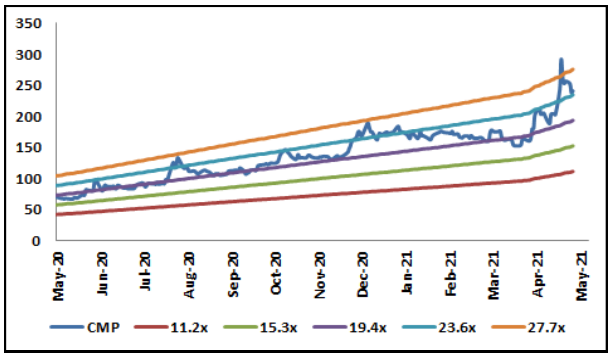


Source: Annual Report, Progressive Research

Outlook and Recommendations:

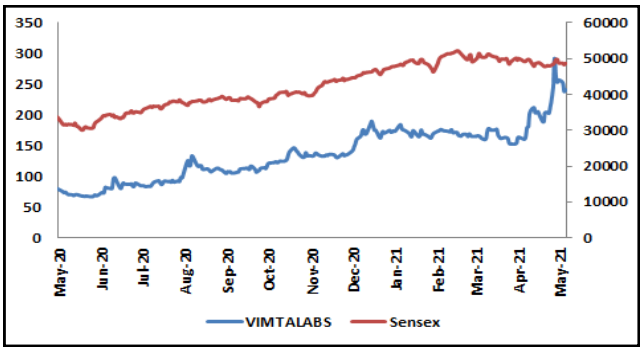
The company has been supporting many national and overseas companies for more than 3 decades, for their third party testing, research and outsourcing needs. Along with the growth in pharmaceuticals, food and other manufacturing sectors, the company has been able to grow and also expand its services arm. Going forward with the increasing order book and the number of laboratories coupled with the planned capex, there should be improvement seen in the business performance. The testing, inspection and certification business is largely dominated by few international players such as SGS, Intertec and BVQI Bureau Veritas and Indian firms like Vimta Labs. As the Indian farm sector gets more integrated globally, the growth in demand for quality certification will be driven by the rising food exports and compliance of food safety norms. With a diversified presence across different segments, catering to various domains of testing and R&D, the experience and reach of the company gives it an edge over its peers. We feel that with increasing impetus on exports, validation and accreditation would garner more importance going forward and hence we initiate a BUY on the stock with a target of Rs325 over a 12 months horizon.

Exhibit 11: One Year Forward P/E



Source: Ace Equity, Progressive Research

Exhibit 12: Price v/s Sensex



Source: Ace Equity, Progressive Research

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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;
www.progressiveshares.com
Contact No.:022-40777500.

Compliance Officer:
Mr. Shyam Agrawal,
Email Id: compliance@progressiveshares.com,
Contact No.:022-40777500.