

## Dynacons Technologies Ltd

The **Varhad** Group

CMP: INR2.77

## Stock data

|                         |          |
|-------------------------|----------|
| BSE code                | 534674   |
| BSE ID                  | DYNATECH |
| Face value (INR)        | 1        |
| No of shares (m)        | 78.4     |
| Market cap (INRm)       | 217.2    |
| 3m avg. daily vol (No)  | 57,115.7 |
| Free float (INRm)       | 139.2    |
| Dividend yield FY14 (%) | 0        |

|                |          |
|----------------|----------|
| S&P BSE Sensex | 28,888.8 |
|----------------|----------|

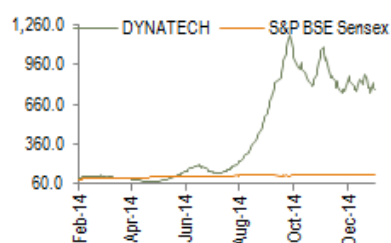
## Stock performance (%)

| 52-week H/L  | INR4.5/0.3 |       |       |
|--------------|------------|-------|-------|
|              | 1M         | 3M    | 12M   |
| Absolute (%) | -8.3       | -24.7 | 669.4 |
| Relative (%) | -12.6      | -32.6 | 634.1 |

## Shareholding pattern (%)

| Promoters | FIIs  | DIIs  | Others |
|-----------|-------|-------|--------|
| 35.93%    | 0.00% | 0.00% | 64.07% |

## Relative stock movement



Source: BSE

Feb 2015

## Company Overview

Dynacons Technologies Ltd is an upcoming value and service provider. It plays an important role between vendor and reseller through its functions of technical support, volume procurement and marketing initiatives. In the near future, the Company plans to have a pan India presence. Main objectives of the Company are to provide complete solutions in computer operations and related business activities. It also plans to get involved in sale, import, export of Computer Software and all varieties of Information Technology Services.

## Q3FY15 performance

- Revenue increased by 25.4% YoY from INR73.3m in Q3FY14 to INR91.9m in Q3FY15.
- Raw Material cost increased by 28.9% on YoY basis to INR84.6m in Q3FY15. Staff cost increased by 12.9% on YoY basis to INR1.2m in Q3FY15. Other expenses decreased by 14.1% YoY from INR1.4m in Q3FY14 to INR1.2m in Q3FY15. As a result, operating profit of the company decreased by 5.9% YoY from INR5.2m in Q3FY14 to INR4.9m in Q3FY15.
- Depreciation decreased by 2.5% on YoY basis to INR2.3m in Q3FY15. Interest expense decreased by 14.6% on YoY basis to INR2.1 in Q3FY15. Non operating income remained NIL in Q3FY15. Provision for tax was INR0.1m in Q3FY15. Consequently, net profit of the company increased by 6.8% YoY from INR0.3m in Q3FY14 to INR0.4m in Q3FY15.
- Intensive Fiscal Services Pvt Ltd ("Manager to the Offer") on behalf of Arun Govil (the 'Acquirer') has informed BSE on 26 Feb 2015, that this Announcement to the equity shareholders of Dynacons Technologies Limited (the 'Target Company' or 'DTL') pursuant to Regulation 18(7) of the Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011 (hereinafter referred to as "SEBI (SAST) Regulations, 2011" or "Regulations") in respect of the open offer to acquire up to 2,03,90,006 equity shares of INR1.00 each fully paid up equity shares from shareholders of Target Company.

Table 1: Q3FY15 snapshot

| (INRm)            | Q3FY15 | Q3FY14 | YoY % | Q2FY15 | QoQ% | 9MFY15 | 9MFY14 | YoY % |
|-------------------|--------|--------|-------|--------|------|--------|--------|-------|
| Revenue           | 91.9   | 73.3   | 25.4  | 70.0   | 31.3 | 247.8  | 139.8  | 77.3  |
| EBITDA            | 4.9    | 5.2    | -5.9  | 4.1    | 18.6 | 14.1   | 10.4   | 35.5  |
| PAT (Adjusted)    | 0.4    | 0.3    | 6.8   | 0.3    | 21.1 | 0.9    | 0.7    | 30.1  |
| PAT (Reported)    | 0.4    | 0.3    | 6.8   | 0.3    | 21.1 | 0.9    | 0.7    | 30.1  |
| Ratio             |        |        |       |        |      |        |        |       |
| % of sales        | Q3FY15 | Q3FY14 | YoY % | Q2FY15 | QoQ% | 9MFY15 | 9MFY14 | YoY % |
| Direct Cost       | 92.1   | 89.6   | 2.5   | 91.3   | 0.8  | 91.8   | 84.1   | 7.7   |
| Staff Cost        | 1.3    | 1.4    | -0.1  | 1.5    | -0.2 | 1.3    | 6.1    | -4.9  |
| Other Expenditure | 1.3    | 1.9    | -0.6  | 1.3    | 0.0  | 1.2    | 2.3    | -1.1  |
| EBITDA            | 5.3    | 7.1    | -1.8  | 5.9    | -0.6 | 5.7    | 7.4    | -1.8  |
| Tax Rate          | 19.6   | 0.0    | 19.6  | 16.8   | 2.8  | 18.7   | 14.7   | 4.0   |
| NPM               | 0.4    | 0.5    | -0.1  | 0.4    | 0.0  | 0.4    | 0.5    | -0.1  |

Source: Company, Varhad Research

## Quarterly performance in charts and tables

Table 2: Detailed Q2FY15 Overview

|                       | Q3FY15 | Q3FY14 | YoY % | Q2FY15 | QoQ% | 9MFY15 | 9MFY14 | YoY % |
|-----------------------|--------|--------|-------|--------|------|--------|--------|-------|
| <b>Revenue</b>        | 91.9   | 73.3   | 25.4  | 70.0   | 31.3 | 247.8  | 139.8  | 77.3  |
| Direct Cost           | 84.6   | 65.6   | 28.9  | 63.9   | 32.5 | 227.5  | 117.6  | 93.5  |
| Staff Cost            | 1.2    | 1.0    | 12.9  | 1.1    | 9.7  | 3.2    | 8.6    | -62.8 |
| Other Expenditure     | 1.2    | 1.4    | -14.1 | 0.9    | 32.7 | 3.0    | 3.2    | -6.2  |
| Total Cost            | 87.0   | 68.1   | 27.8  | 65.9   | 32.1 | 233.7  | 129.4  | 80.7  |
| <b>EBITDA</b>         | 4.9    | 5.2    | -5.9  | 4.1    | 18.6 | 14.1   | 10.4   | 35.5  |
| Depreciation          | 2.3    | 2.4    | -2.5  | 2.2    | 4.7  | 6.6    | 4.9    | 34.3  |
| <b>EBIT</b>           | 2.6    | 2.8    | -8.9  | 1.9    | 34.6 | 7.5    | 5.5    | 36.5  |
| Interest Expenses     | 2.1    | 2.5    | -14.6 | 1.5    | 36.7 | 6.3    | 4.6    | 36.5  |
| Non-Operating Income  | 0.0    | 0.0    | *     | 0.0    | *    | 0.0    | 0.0    | *     |
| <b>PBT</b>            | 0.4    | 0.3    | 32.8  | 0.4    | 25.4 | 1.1    | 0.8    | 36.5  |
| Provision for Tax     | 0.1    | 0.0    | *     | 0.1    | 46.7 | 0.2    | 0.1    | 73.2  |
| <b>PAT (Adjusted)</b> | 0.4    | 0.3    | 6.8   | 0.3    | 21.1 | 0.9    | 0.7    | 30.1  |
| Extra Ordinary        | 0.0    | 0.0    | *     | 0.0    | *    | 0.0    | 0.0    | *     |
| <b>PAT (Reported)</b> | 0.4    | 0.3    | 6.8   | 0.3    | 21.1 | 0.9    | 0.7    | 30.1  |

Source: (\*) Not Applicable, BSE, Varhad Research

Chart 1: Sales trend

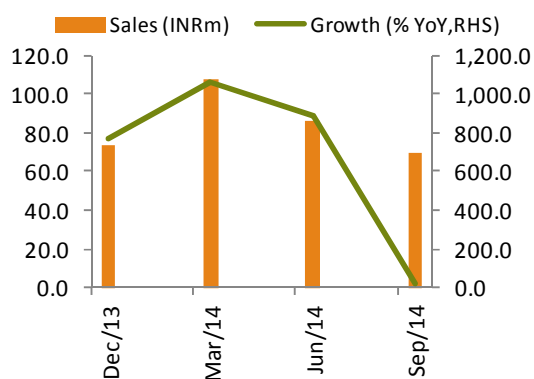


Chart 2: EBITDA trend

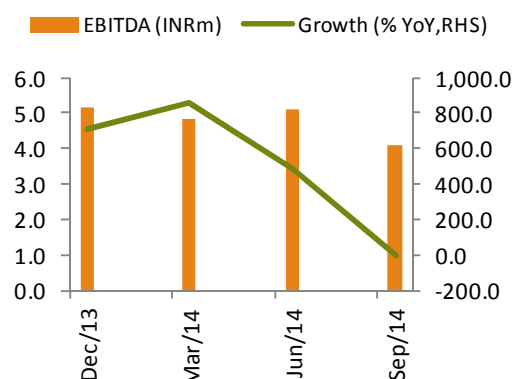


Chart 3: Margin trend

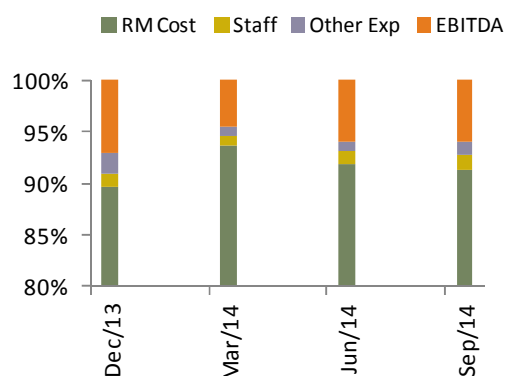
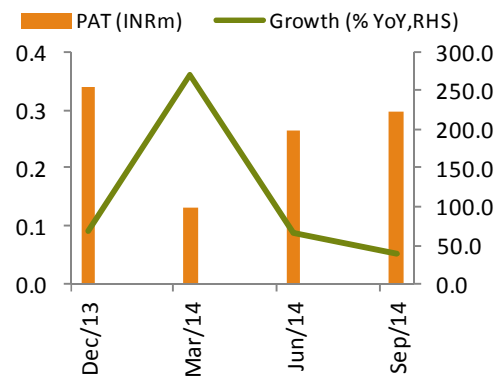


Chart 4: PAT trend



Source: Company, Varhad Research

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