

Dynamatic Technologies Limited

COMPANY SNAPSHOT					
CMP	Initiation Price	Target	Potential Upside	Recommendation	MCap (Rsbn)
Rs1,404	Rs2,160	Rs2,750	96%	BUY	Rs8.9

About the Company:

Dynamatic Technologies Limited (DTL) is reputed as one of world's largest manufacturers and suppliers of hydraulic gear pumps and automotive turbo chargers. The company has managed to maintain its leadership position in the segment of hydraulic gear pumps for more than three and half decades. DTL also builds high-precision systems & sub-systems for aerospace, automotive, homeland security and other defence related products. The company is also involved in manufacturing complex assemblies and supplying parts for aviation majors like HAL, Airbus, Boeing and Bell helicopters. The company has its wings spread across three major stable and high growth business segments of Automotive, Hydraulics, Aerospace & Defence (A&D). The company has a strong R&D team that keeps abreast with the recent changes in technology, keeps enhancing their manufacturing capabilities and grows through selective acquisitions. The company has 8 industrial complexes and 2 engineering centers in India and 3 industrial complexes and 1 engineering center in Europe. DTL has its facilities located in India (Bangalore, Chennai, Coimbatore, Nasik); United Kingdom (Swindon, Bristol); and Germany (Schwarzenberg).

Results Declared:

- The net sales for the quarter under review came in at Rs3,666mn as compared to Rs3,303mn, growth of 11%
- EBITDA margins improved to 11.97% from 10.33% in the same quarter last year
- The net profit (continued operations only) grew to Rs57mn in quarter ending December 2018 as compared to Rs20mn in the same quarter last year.
- EPS for the quarter stood at Rs8.99 (considering the continued business)

Financials:

Result Update (Q3FY2019)									
Q3FY19 Result (Rs mn)	Dec-18	Dec-17	y-o-y	Sept-18	q-o-q	9MFY19	9MFY18	y-o-y	FY19E
Total Income	3,666	3,303	11.0%	3,699	(0.9%)	11,154	9,558	16.7%	14,795
EBITDA	439	341	28.5%	426	3.1%	1278	921	38.9%	1642
Other Income	(12)	12	-	28	-	64	48	33.7%	149
Interest	201	184	9.1%	197	2.2%	584	546	7.0%	734
Depreciation	123	122	0.8%	123	-0.2%	375	366	2.7%	605
Exceptional Items	0	0	-	0	-	0	0	-	0
Tax	45	27	70.3%	55	(17.8%)	163	57	-	158
Net Profit	57	20	-	79	(27.7%)	219	0	-	294

Outlook and Recommendations:

The company continues on its gradual path to recovery in terms of PAT. The margins earned by the company are more or less in the same range. Interest burden is something what the company needs to tackle pro actively. As mentioned by us in the earlier quarterly notes as well, this stock is definitely not for short term traders or speculators. We continue with long term vision, however, we reduce our price target to Rs2,750 (with a horizon of 12 months.) which would be reviewed in near future as the company is reporting improved performance.

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