

MAY 19, 2016

**CARE ASSIGNS 'CARE A4+' RATING TO THE BANK FACILITIES OF
DYNACONS TECHNOLOGIES LIMITED**

Rating

Facilities	Amount (Rs. crore)	Rating ¹	Remarks
Short-term Bank Facilities	7.00	CARE A4+ (A Four Plus)	Assigned
Total Facilities	7.00 (Rupees Seven Crore only)		

Rating Rationale

The rating assigned to the bank facilities of Dynacons Technologies Limited (DTL) is constrained by relatively small scale of operations with fluctuating income and cash accruals along with low profit margin, working capital intensive nature of operation with elongated collection period and presence in competitive industry.

The above constraints are partially offset by the strengths derived from experienced management in the industry, wide product range, established relations with reputed customers and comfortable capital structure and moderate debt coverage indicators.

DTL's ability to increase its scale of operations and improve profit margin along with efficient management of working capital requirement is the key rating sensitivity.

Background

Incorporated in 2009 from the demerger of the group entity Dynacons Systems & Solutions Limited (DSSL), Dynacons Technologies Limited (DTL) is engaged in providing servers, storages, networking, security & surveillance and energy management systems. DTL has tie-up with major technology leaders namely IRIS Computers Limited (rated CARE BBB+/ A3+), Rashmi Peripherals Private Limited, Redington India Limited, Sony India Private Limited for procuring hardware and software.

During FY15 (refers to April 01 to March 31), the total operating income (TOI) of DTL stood at Rs. 36.06 crore (compared to Rs. 31.88 crore in FY14) while net profit of the company stood at Rs. 0.10 crore in FY15 (compared to Rs. 0.09 crore in FY14). Furthermore, the company posted total operating income of Rs. 24.52 crore during 9MFY16 (UA) [vis-à-vis Rs. 24.78 crore during 9MFY15 (UA)].

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¹Complete definition of the ratings assigned are available at www.careratings.com and other CARE publications

****For detailed Rationale Report and subscription information, please contact us at www.careratings.com**

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In case of partnership/proprietary concerns, the rating assigned by CARE is based on the capital deployed by the partners/proprietor and the financial strength of the firm at present. The rating may undergo change in case of withdrawal of capital or the unsecured loans brought in by the partners/proprietor in addition to the financial performance and other relevant factors.

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