



Equity Research | Update | 22 Jan 10

Glodyne TechnoServe (22 Jan 10): Rs.535

Cheaper entry through Compulink Systems: Rs.25*19=Rs.475

16-bagger and counting

BSE Code	532672	Prom Holding	63%	Industry	IT-Technology Infrastructure Management
Listed on	BSE, NSE	Total Shares	2.34 crores*		
Mkt. Cap	Rs.1252 Cr.	Avg. Daily Trading Volume		Rs.1.92 crore (1 year)	

*including to be allotted on merger of Compulink Systems

Glodyne TechnoServe (formerly Paradyne InfoTech) has become a 16-bagger in three years since we initiated Buy on it at Rs.33 (x-bonus) in Nov-06. We continue to like it. At present, a cheaper entry into Glodyne can be made through Compulink Systems (bse code 532688, nse code comsys-be), which is to be merged with Glodyne in the ratio of 1 share of Glodyne for 19 shares of Compulink.

Glodyne operates in the space of Technology Infrastructure Management (Tech-IMS) space, which has immense potential to grow multi-fold for many years. E-governance projects are just beginning to pick momentum. A move towards Remote IMS from onsite-IMS is another trend that's at initial stage and shall drive margin expansion. Cloud computing (SaaS) presents another potential blockbuster opportunity for Glodyne. Glodyne has done a few acquisitions in the last three years both in India and abroad and it continues to look for acquisitions in related spaces as part of its growth strategy. We expect a sizeable acquisition over the next few months, as the company has initiated steps to raise additional equity resources.

The company continues to grow strongly in terms of both Revenues and PAT (~40% YoY) and we expect strong growth to continue given the size & growth in its opportunity space. For a detailed updated research report, please contact us.

Monthly Chart from 01-Nov-06 to 21-Jan-10

The stock is at the upper end of the channel. Break-out from the channel may lead to an explosive move upwards. The uptrend in KST indicates that the break-out is more likely than a move back into the channel.

GLODYNE TECH [B532672] 478.40, 580.60, 475.10, 535.60, 849715 14.19%
Price



Financials

Rs.mn	Mar-09	Mar-08	Change	Jun-09	Jun-08	Change	Sep-09	Sep-08	Change	Dec-09	Dec-08	Change
No. of months	3	3	%	3	3	%	3	3	%	3	3	%
Income from ops	1,407	967	45.5%	1,543	1,092	41.3%	1,721	1,216	41.6%	1,878	1,294	45.2%
EBIDTA	309	187	65.5%	347	227	53.0%	396	262	51.3%	442	283	55.8%
Depreciation	26	17	56.3%	30	20	53.0%	32	22	41.7%	33	24	33.9%
EBIT	283	170	66.5%	317	207	53.0%	365	240	52.2%	409	259	57.9%
Fx gain /(loss)	74			(13)			(29)			(29)	12	
Interest	30	9	241.8%	26	9	180.5%	30	12	147.7%	33	24	34.3%
PBT	252	161	56.8%	280	198	41.4%	306	242	26.2%	349	247	41.1%
Tax	61	21	195.1%	52	37	39.6%	56	50	11.1%	64	52	23.7%
PAT	191	140	36.3%	228	160	41.8%	250	192	30.2%	285	195	45.6%
Adj PAT	191	140	36.3%	228	160	41.8%	250	192	30.2%	285	195	45.6%
Equity Capital	222	218	2.1%	224	220	1.7%	224	224	0.0%	224	222	0.9%
EPS (Rs)	8.60	6.44	33.5%	10.16	7.28	39.4%	11.17	8.58	30.2%	12.71	8.80	44.3%
EBITDA Margin (%)	22.0%	19.3%	2.7%	22.5%	20.8%	1.7%	23.0%	21.6%	1.5%	23.5%	21.9%	1.6%
EBIT Margin (%)	20.1%	17.6%	2.5%	20.5%	19.0%	1.6%	21.2%	19.7%	1.5%	21.8%	20.0%	1.8%
Adj PAT Margin (%)	13.6%	14.5%		14.7%	14.7%		14.5%	15.8%		15.2%	15.1%	
Tax/PBT (%)	24.2%	12.9%		18.7%	18.9%		18.2%	20.6%		18.3%	20.9%	



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