

ATLANTA

NEUTRAL

13-Sep-17

INDUSTRY - Eng. & Cons.
BSE Code - 532759
NSE Code - ATLANTA
NIFTY - 10084

Company Data

CMP	90
Target Price	NA
Previous Target Price	130
Upside	NA
52wk Range H/L	120/53
Mkt Capital (Rs Cr)	740
Av. Volume (,000)	65

Strong Debt to Equity

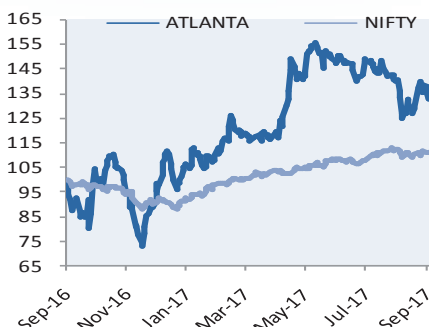


Shareholding patterns %

	1QFY18	4QFY17	3QFY17
Promoters	70.9	70.9	70.9
Public	29.1	29.1	29.1
Total	100.0	100.0	100.0

Stock Performance %

	1Mn	3Mn	1Yr
Absolute	8.5	(15.2)	26.6
Rel.to Nifty	4.6	(20.2)	13.7



Key Highlights of the Report:

- ✓ Revenue was down by 18% in Q1FY18 due to lower than expected arbitration claim and slow execution pace of under construction projects.
- ✓ EBITDA for the quarter stood at Rs.30 Cr at margin of 57.5% compared to 43 Cr in corresponding period last year. If we adjust arbitration claim Company has reported negative EBITDA for the quarter.
- ✓ Now management guide to receive Rs.200 Cr for full year FY18 as against Rs.400 Cr guidance earlier.
- ✓ Delay in receipts of Arbitration claim may put pressure on future growth and balance sheet.
- ✓ We have changed our estimate and based on the given fundamental stock is fairly valued and we do not see any valuable upside from this point. Hence, we advice our investors to "EXIT" at the current price level.

Financials/Valu	FY14	FY15	FY16	FY17	FY18E
Net Sales	312	496	136	224	411
EBITDA	75	86	36	136	198
EBIT	71	75	31	131	193
PAT	42	47	3	82	108
EPS (Rs)	5	6	0	10	13
EPS growth (%)	42%	11%	-93%	2368%	30%
ROE	12%	12%	1%	18%	19%
ROCE	14%	14%	5%	20%	24%
BV	41	46	47	57	70
P/B (X)	0.9	1.4	0.9	1.1	1.3
P/E (x)	7.3	10.9	103.2	5.9	6.9

Gujarat HAM project is key revenue growth driver

- ✓ Shamlaji Chiloda HAM project in state of Gujarat is contributing 67% in current order book and which will start contributing in revenue from the second half of the year.
- ✓ On 25th Jan 2017 company had received LoA from NHAI for the Shamalji Chiloda HAM project worth of Rs.1292 Cr (1150 Cr EPC Cost).
- ✓ Currently project is under development stage and we expect it will get appointment date by the September end and start execution from Q4FY18 onwards.
- ✓ ATLANTA will get benefited as the NHAI's focus on awarding more and more projects on HAM basis and company aims to grow through HAM and EPC projects as it had bitter experience in BOT projects.
- ✓ Management expects to get at least Rs.1000 Cr worth of new projects in FY18. Strong order inflow will ensure better revenue growth for next 3-4 years and we are confident that company will receive it.

SANDIP JABUANI

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Quarterly Performance

						In Rs. Cr				
Financials	1QFY17	2QFY17	3QFY17	4QFY17	1QFY18	YoY %	QoQ%	FY16	FY17	YoY %
Net Sales	64	41	43	76	52	-18%	-31%	136	224	65%
Other Op. Income	-	-	-	-	-			-	-	
Net Sales	64	41	43	76	52	-18%	-31%	136	224	65%
Other Income	0	0	2	0	2	5987%	50575%	1	2	96%
Total Income	64	41	45	76	54	-15%	-29%	137	227	65%
COGS	17	14	11	23	18	6%	-22%	84	65	-23%
Expenditure	21	18	13	37	22	6%	-40%	100	89	-11%
EBITDA	43	23	30	40	30	-30%	-24%	36	136	280%
EBITDA %	67.3%	56.9%	69.3%	51.7%	57.5%			26.3%	60.5%	
Depreciation	1	1	1	1	1	-23%	-26%	5	4	-12%
EBIT	42	22	29	38	29	-30%	-24%	31	131	328%
Interest	7	7	6	9	8	16.2%	-11.0%	28	30	4%
PBT	35	15	25	29	23	-34%	-21%	3	104	2976%
Tax	7	3	5	7	6	-7%	-12%	0	22	46316%
PAT	28	13	20	22	16	-41%	-24%	3	82	2368%
PAT %	43.5%	30.5%	47.7%	28.2%	31.3%			2.5%	36.7%	

Delay in Arbitration Claim Receipts may hurt future growth

- ✓ ATLANTA reported 18% de growth in revenue to Rs.52 Cr as compared to Rs. 64 Cr in same period last year. Lower revenue due to slow execution pace of under construction projects and lower than expected arbitration claim.
- ✓ Now management guide to receive Rs.200 Cr for full year FY18 as against Rs.400 Cr guidance earlier. This may hurt future growth and put pressure on Balance sheet.
- ✓ Company has booked Rs.34 Cr as arbitration claim in this quarter and Rs.18 Cr from core construction business.
- ✓ EBITDA for the quarter stood at Rs.30 Cr at margin of 57.5% compared to 43 Cr in corresponding period last year. If we adjust arbitration claim Company has reported negative EBITDA for the
- ✓ PAT in Q1FY18 is Rs.16 Cr as compared to Rs.28 Cr in same period last year.
- ✓ Order book at the end of the quarter is Rs.1504 Cr compared to Rs.1700 Cr in last quarter. Company has terminated one contract of Rs.150-200 Cr with JV during the quarter.

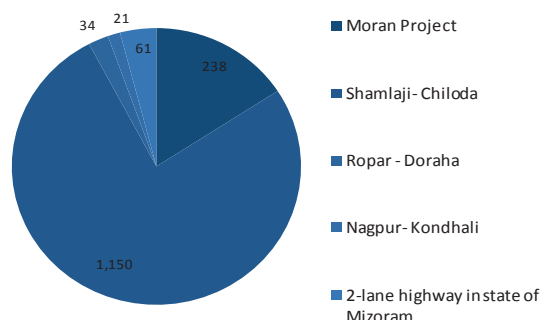
Concall Highlights:-

- ✓ Order Book stands at Rs.1504 Cr with 2 years of revenue visibilities.
- ✓ 5-8% toll collection growth in Q1FY18. 8% toll collection growth in Nagpur and 3-5% in Ropar toll project.
- ✓ Company will focus on EPC, OMT and HAM projects going ahead.
- ✓ ATLANTA has terminated one project with JV of Rs.150-200 Cr.
- ✓ The management expects to win Rs.800-1000 Cr of new orders in FY18.
- ✓ Now management guide to receive Rs.200 Cr for full year FY18 as against Rs.400 Cr guidance earlier.
- ✓ Management expects 50% revenue growth in FY18.
- ✓ Around Rs.350 Cr of cash will be surplus in FY19.

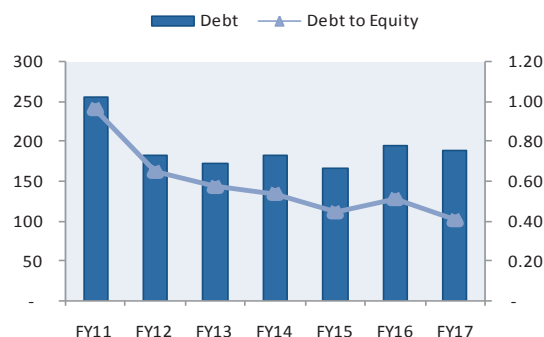
Investment Arguments:

- ✓ **Robust Order Book with immense opportunity in Infra:-** Current order book of Rs.1504 Cr provides strong revenue growth for the next 2 years. Rs.1150 Cr of HAM project in state of Gujarat is under development and we expect it will get appointment date by September end and revenue will start flow in from second half of the year. For the full year FY18 EPC revenue will grow by 70% and almost double revenue in FY19. Government's focus on infrastructure development provides immense opportunity in infra space in India. Management expects to win at least Rs.1000 Cr worth of new projects in FY18. This will ensure the strong revenue growth for next 3-4 years.
- ✓ **Arbitration Claim:-** Company and its subsidiary have approximately Rs.1400 Cr of arbitration claim, which is pending with NHAI and other government agencies at various stages. During the quarter company has booked Rs.34 Cr as arbitration claim in revenue. But now management guide to receive Rs.200 Cr for full year FY18 as against Rs.400 Cr guidance earlier. Delay in receipt of arbitration claim may put extra pressure on future growth and balance sheet.
- ✓ **Strong Debt to Equity:-** Company's debt to equity on standalone books stand at 0.4x, which is well in control. Strong debt to equity will allow company to take up more and large projects at time. We expect company will be debt free in next two years as the proceed from arbitration claim will be utilized for debt repayment and HAM project is having facilities of mobilization advances.

Order Book Break Up



Strong Debt to Equity



View & Valuation:-

ATLANTA has come out with its quarterly earning numbers and which is well below our expectation. Sales are down by 18% YoY on account of lower than expected arbitration claim and execution. ATLANTA has booked Rs.34 Cr as arbitration claim in revenue during the quarter. Slow progress on projects under execution and termination of one project (worth of Rs150 Cr) with JV lead to lower construction revenue in quarter which resulted into negative operating margin(Ex. Arbitration Claim margin). Now, management guide to receive Rs.200 Cr for full year FY18 as against Rs.400 Cr guidance earlier. Delay in receipt of arbitration claim money may hurt the future growth and put more pressure on balance sheet. Earlier our "BUY" recommendation was based on the receipt of arbitration claim of Rs.400 Cr in FY18 but now management has changed its guidance to Rs.200 Cr. **Thus, we change our estimate and based on the given fundamental stock is fairly valued and we do not see any valuable upside from this point. Hence, we advice our investors to "EXIT" at the current price level.**

Financials Snap Shot

Income Statement				
	Rs in Crores			
Y/E March	FY14	FY15	FY16	FY17
Revenue from Operation	312	496	136	224
Change (%)	27%	59%	-73%	65%
EBITDA	75	86	36	136
Change (%)	-1%	14%	-58%	280%
Margin (%)	24%	17%	26%	60%
Dep & Amortization	4	11	5	4
EBIT	71	75	31	131
Interest & other finance cost	33	24	28	30
Other Income	2	2	1	2
EBT	40	53	3	104
Exceptional Item	-	-	-	-
Tax	(2)	7	0	22
Minority Int & P/L share of Ass.	-	-	-	-
Reported PAT	42	47	3	82
Adjusted PAT	42	47	3	82
Change (%)	42%	11%	-93%	2368%
Margin(%)	13%	9%	2%	37%

Key Ratios				
Y/E March	FY14	FY15	FY16	FY17
ROE	12%	12%	1%	18%
ROCE	14%	14%	5%	20%
Asset Turnover	0.3	0.5	0.2	0.3
Debtor Days	107	158	65	291
Inventory Days	164	134	294	440
Payable Days	93	101	234	402
Interest Coverage	2.15	3.13	1.08	4.45
P/E	7.3	10.9	103.2	5.9
Price / Book Value	0.9	1.4	0.9	1.1
EV/EBITDA	6.18	7.64	14.76	4.92
FCF per Share	(14)	22	11	0
Dividend Yield	0.6%	0.5%	0.0%	0.1%

Balance Sheet				
	Rs in Crores			
Y/E March	FY14	FY15	FY16	FY17
Share Capital	19	19	19	19
Reserves	319	354	360	442
Networth	338	373	379	461
Debt	182	167	195	188
Other Non Current Liab	361	315	30	40
Total Capital Employed	520	540	574	649
Net Fixed Assets (incl CWIP)	45	33	28	29
Non Current Investments	217	273	273	273
Other Non Current Assets	308	274	157	246
Non Current Assets	571	580	458	548
Inventory	140	128	109	84
Debtors	91	150	24	55
Cash & Bank	24	19	13	9
Other Current Assets	171	138	131	127
Current Assets	427	436	278	276
Creditors	79	96	87	77
Provisions	33	53	37	37
Other Current Liabilities	5	11	7	22
Curr Liabilities	117	161	131	136
Net Current Assets	310	275	147	140
Total Assets	998	1,015	735	824

Cash Flow Statement				
	Rs in Crores			
Y/E March	FY14	FY15	FY16	FY17
PBT	40	53	3	104
(inc)/Dec in Working Capital	(176)	105	52	(120)
Non Cash Op Exp	4	11	5	4
Interest Paid (+)	33	24	28	30
Tax Paid	6	7	1	10
others	(2)	(1)	(0)	(0)
CF from Op. Activities	(106)	184	87	8
(inc)/Dec in FA & CWIP	(8)	(7)	(1)	(6)
Free Cashflow	(114)	177	86	2
(Pur)/Sale of Investment	0	1	0	-
others	133	(59)	0	9
CF from Inv. Activities	125	(64)	(1)	2
inc/(dec) in NW	-	-	-	-
inc/(dec) in Debt	15	(82)	(89)	22
Interest Paid	33	24	28	30
Dividend Paid (inc tax)	(1)	(2)	(1)	-
others	(27)	(10)	144	(17)
CF from Fin. Activities	(9)	(124)	(91)	(15)
Inc(Dec) in Cash	10	(5)	(5)	(4)
Add: Opening Balance	5	15	11	6
Closing Balance	15	11	6	2