

Rating Rationale

Brickwork Ratings Revises ratings for Bank Loan Facilities amounting to ₹249.09 Cr of Atlanta Limited

Brickwork Ratings (BWR) revises the **Ratings**¹ from BWR BBB-(Outlook: Stable)/BWR A3 to BWR BB (Outlook: Negative)/BWR A4 to the below mentioned outstanding bank loan facilities of Atlanta Limited (AL):

Facility	Limits (₹ Cr)	Tenure	Previous Rating	Revised Rating
<u>Fund Based</u> CC	 67.75	 Long Term	BWR BBB- (Pronounced BWR Triple B Minus) Outlook:Stable (December, 2014)	BWR BB (Pronounced BWR Double B) Outlook:Negative
<u>Non Fund Based</u> LC BG	 40.00 141.34	 Short Term	BWR A3 (Pronounced BWR A Three) (December, 2014)	BWR A4 (Pronounced BWR A Four)
Total	249.09	(INR Two Hundred Forty Nine Crore and Nine Lacs only)		

BWR has principally relied upon Atlanta Ltd.'s audited financial statements of up to FY 15, unaudited Q1FY16 financials, publicly available information, and information/clarification provided by the Company.

The ratings downgrade takes into account Atlanta Ltd.'s deteriorated business and financial performance, and its unsatisfactory past banking conduct.

Background

Incorporated in 1977, Atlanta Ltd is an ISO 9001:2008 certified public limited company promoted by Mr Ambalal Bbarot and Mr Rajoo Bbarot. Atlanta's main focus areas are Road infrastructure development both on EPC (Engineering-Procurement-Construction) contract basis and BOT (Build-Operate-Transfer) basis. Since inception, AL has been involved in the development, operation and maintenance of national and state highways, roads and bridges and expanded its scope of activities. The company has more than 3 decade of expertise in execution of infra projects across various states of the country and also has business interest in real estate sector. Atlanta is an early entrant in the BOT roads space and has been present in the infrastructure space since 1977.

¹ Please refer to www.brickworkratings.com for definition of the Ratings

Management

The Company's management team is led by Mr. Rajhoo Bbarot, promoter and MD of Atlanta group. He has vast experience in execution and management of wide variety of construction projects in the field of BOT/EPC and real estate development. The Company is professionally managed and has qualified personnel from the field of engineering; finance and administration to assist the top-level management

Financial Performance

During FY15, Atlanta Ltd posted total operating income of ₹486.80 Cr against ₹359.88 Cr in FY14 translates a Y-o-Y growth of ~35%. The income from operations fell significantly in Q1FY16 to mere ₹6.99 Cr mainly since one of its major toll projects in its SPV Mora Toll ways Ltd is halted since April 2015 where AL is an EPC contractor.

While AL posted a strong PAT of ₹48.86 Cr in FY15, it incurred net loss of ₹7.69 Cr in Q1FY16.

Rating Outlook

The Outlook is Negative. Going forward, the Company's ability to acquire orders and execute them in timely manner, effectively manage its working capital requirements, service its debt obligations on time, improving profitability and gearing ratios are key rating sensitivities.

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