



# ATLANTA LIMITED

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September 18, 2017

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**Scrip Code : 532759**  
Fax No : 2272 3121 / 2272 2037

**Trading Symbol : ATLANTA**  
Fax No : 2659 8348 / 2659 8237 / 38

Dear Sir/Madam,

Re.: Atlanta Limited (BSE Code: 532759 & NSE Code: ATLANTA)

**Subject: Filing of Transcript regarding Investors' conference held on September 13, 2017**

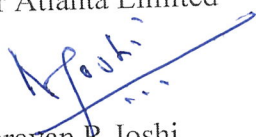
In continuation to our earlier communication dated September 11, 2017 regarding Investors' conference on September 13, 2017, we are pleased to attach a copy of the transcript regarding the Investors' conference held with the Management on September 18, 2017, for your reference and record.

You are requested to kindly acknowledge the receipt of this communication and also let us know in case you need any other information.

Thanking you

Yours truly

For Atlanta Limited

  
Narayan R. Joshi  
Company Secretary



Construction : Realty : Infrastructure Concessions : Mining



# “Atlanta Limited Q1 FY18 Earnings Conference Call”

**September 13, 2017**



**MANAGEMENT: MR. RAJHOO BBAROT - CHAIRMAN, ATLANTA LIMITED**  
**MR. BS KORIGERI – VP, ACCOUNTS, ATLANTA LIMITED**  
**MR. AMIT KUMAR SINGH – INVESTOR RELATIONS OFFICER, ATLANTA LIMITED**

**Moderator:** Ladies and gentlemen, good day and welcome to the Atlanta Limited Q1 FY18 Earnings Conference Call. Representing the management, Mr. Rajhoo Bbarot – Chairman, Mr. Rajesh Verma – The Chief Financial Officer and Mr. Amit Kumar Singh – Investor Relations. As a remainder, all participant lines will be in the listen-only mode and there will be an opportunity for you to ask questions after the presentation concludes. Should you need assistance during the conference call, please signal an operator by pressing \* then 0 on your touchtone telephone. Please note that this conference is being recorded. I would now like to hand the conference over to Mr. Rajhoo Bbarot to take us through the quarterly results and the highlights and then we shall begin with the Q&A session. Thank you and over to you, sir.

**Rajhoo Bbarot:** Good afternoon, everybody and a warm welcome to the Earning Call of Atlanta Limited for the first quarter of FY18. I have with me Mr. Korigeri – Vice President, Accounts and Mr. Amit Kumar Singh, Investor Relations Officer along with Stellar IR, our Investor Relations Advisors. The investor presentation is uploaded on the exchange for your ready references.

We will do a brief summary of our operational and financial performance for the quarter and then take questions. As you are aware, Atlanta Limited is a flagship company of Atlanta Group and engages in construction and development of roads and infrastructure particularly highways and real estate projects on engineering procurement and construction basis with more than 40 years of experience. Now, let me provide you details of each segment. Engineering procurement and construction, we do for roads and highways for both captive and third party orders. We are mainly doing for National Highway Authority of India, National Highway Infrastructure Development Corporation Limited and several other public work departments of state governments. We stand prequalified to bid projects up to Rs. 1,400 crores. We have order book of around 1,500 crores as on 30<sup>th</sup> June 2017, which provides visibility for over 2 years.

In infrastructure development, we have got Nagpur-Kondhali project in Maharashtra where user fee collection started since 2010 and would continue till 2026. Toll collected for the quarter over the previous quarter shows an increase of about 5%. Ropar-Doraha project in Punjab, user fee collection started in November 2016 and would continue till 2029. We have three ongoing projects in real estate as on date. First, is Atlanta Enclave at Thane, wherein we have completed 0.18 million square feet in phase I and handed over the possession to the buyers. Most of the flats, about 85% have already been sold. We have begun work for phase II which is around 0.75 million square feet and expected to be completed by December 2020 with the total project cost of Rs. 350 crores.

Second project is Olympic Lifestyles with around 0.5 million square feet of saleable area in Jodhpur. We will be developing the project under affordable housing scheme for which we have already submitted the plans and are expecting the approval anytime soon. The total project cost is around Rs. 160 crores and is expected to be completed in 2019. The project is under joint venture with Dev Land & Housing. Third project is Atlanta Heights where we have about 0.15 million square feet of area at Kandivali and we are planning the residential tower. The project cost is around Rs. 75 crores and is in initial phase of development.

As part of company's core strategy, we will continue to bid for EPC, OMT and hybrid annuity based projects for future growth. We are on a track to become a debt free company on a standalone basis by this financial year end. We have reduced our standalone debt by Rs. 21 crores in Q1 FY18. Atlanta Limited together with its subsidiaries expects around Rs. 1100 crores in awards receivables. We have received Rs. 34.4 crores award money in the first quarter of FY18 from various government authorities. This amount is pertaining to the projects already disclosed to the stock exchanges. The remaining award is expected to be received in 2 years timeframe. This would enable the company to have cash surplus and would also help in closing the upcoming future projects with greater speed. So we will have a positive impact on our financial viability and bottom-line.

The company on standalone basis has reported revenue of Rs. 525 million in the first quarter of FY18 against Rs. 584 million in the corresponding quarter of FY17. Profit before tax stood at Rs. 230 million in as compared to Rs. 363 million in the first quarter of FY17. Profit after tax stood at Rs. 165 million as compared to Rs. 289 million in the first quarter of FY17. There has been a slight impact on the financials due to lag effect of demonetization and advance effect of GST implementation.

Now, that is all from our side and we now open the floor for question and answers. Thank you.

**Moderator:** Thank you. Ladies and gentlemen, we will now begin with the question-and-answer session. We will take the first question from the line of Sandeep Jabuani from Narnolia Securities. Please go ahead.

**Sandeep Jabuani:** My first question is regarding the claim. So we have booked around Rs. 34 crores of claims in standalone books, right.

**Rajhoo Bbarot:** Yes.

**Sandeep Jabuani:** So what was the total claim, so we have booked anything on consolidated level?

**Rajhoo Bbarot:** No. This is on standalone basis. In this quarter, we have not booked anything on consolidated level from Rs 34.4 crore received. As I said earlier, we expect over Rs. 1,000 crores of claims receivable including the subsidiaries and in this quarter Rs. 34.4 crore booked is in the main company Atlanta Limited and nothing have been booked in the subsidiaries out of this amount.

**Sandeep Jabuani:** My second question is on HAM project in Gujarat. Shamlaji-Chiloda HAM project in state of Gujarat is very important for us as far as FY18 or FY19 construction revenue growth is concerned. So what is the current status and by when we expect to start revenue flowing?

**Rajhoo Bbarot:** We are awaiting the financial close and this being a hybrid annuity model and being on a BOT basis where we have to invest Rs. 232 crores as equity and Rs. 542 crores as debt. We are trying to financially close as soon as possible and post that the project will be commenced somewhere in October 2017.

**Sandeep Jabuani:** So currently we do not achieve the financial closure, right?

**Rajhoo Bbarot:** Yes.

**Sandeep Jabuani:** By when we expect to achieve, is it in 10 to 15 days?

**Rajhoo Bbarot:** October 2017, within a month's time.

**Sandeep Jabuani:** Within a month's time and subsequently we will start work on that.

**Rajhoo Bbarot:** Yes.

**Sandeep Jabuani:** If I look at your presentation, at the end of Q4 17, our company's order book is 1700 crores, right?

**Rajhoo Bbarot:** Yes.

**Sandeep Jabuani:** And now at the end of Q1, the order book shows Rs. 1500 crores.

**Rajhoo Bbarot:** It is including the JV and one of the JVs, project is closed. So that is why it is now net at around Rs. 1500 crores.

**Sandeep Jabuani:** Okay. One of the projects with JV in which...

**Rajhoo Bbarot:** That was with one company named as ARSS Infrastructure.

**Sandeep Jabuani:** What was the project cost?

**Rajhoo Bbarot:** Totally, it was over Rs. 200 crores. Out of that, some was executed over the years and balance was Rs. 150 crores which are now closed by the JV partner.

**Sandeep Jabuani:** And that does not include in our standalone books?

**Rajhoo Bbarot:** Now standalone order book of Rs. 1500 crores does not include that.

**Sandeep Jabuani:** Revenue from this project does not include in the...

**Rajhoo Bbarot:** Whatever is outstanding only.

**Sandeep Jabuani:** It will not come in consolidated books.

**Rajhoo Bbarot:** See, it was in a joint venture. Now because of ARSS is continuing with the execution, it will not come in the revenue as well.

**Sandeep Jabuani:** Means we terminate the contract.

- Rajhoo Bbarot:** Yes.
- Sandeep Jabuani:** So any litigation is under process?
- Rajhoo Bbarot:** It was being done by ARSS and since it was through A JV we had kept ourselves shielded from that and we exited the project with the permission of the authority.
- Sandeep Jabuani:** So anything we have in your state or we need to book a lot in our P&L or?
- Rajhoo Bbarot:** Nothing. We do not have any impact on that.
- Sandeep Jabuani:** And sir lastly toll collection sir, toll collection numbers for this quarter?
- Rajhoo Bbarot:** Total, increase is about 5% as we two toll projects going on. One is at Nagpur-Kondhali and second is in the state of Punjab at Ropar. Nagpur-Kondhali, it is nationalized where we have seen about 3.8% of increase in the collection of toll and in Punjab, it is around 3% that has still not picked up to that extent because mainly mining has not been commenced there. Once mining is commenced, that will have a greater impact over there.
- Sandeep Jabuani:** Sir in absolute terms, what was the toll collection?
- Rajhoo Bbarot:** Since we have not disclosed on consolidated basis, we will not be able to give you the details.
- Moderator:** Thank you. We take the next question from the line of Nandish Shah from Nirmal Bang Securities. Please go ahead.
- Nandish Shah:** Sir, wanted to know the reason regarding the finance cost which has increased quarter-on-quarter. Can you throw some light on that please?
- Rajhoo Bbarot:** Finance cost in the last corresponding quarter was Rs. 74.48 million which in the current quarter has gone up 13% to Rs. 84.35 million. Our cost of fund has not gone up, but the increase in finance cost was mainly due to cost of bank guarantee and other associated charges
- Nandish Shah:** Can you also provide the debt numbers, the gross and the net debt for the quarter ending 30<sup>th</sup> June?
- Rajhoo Bbarot:** Gross debt of the consolidated is about Rs. 900 crores and on standalone basis it is about Rs. 197 crores.
- Nandish Shah:** Can you throw some light regarding your real estate projects?
- Rajhoo Bbarot:** We have got 3 real estate projects. One is 0.75 million square feet at Thane which is named as Atlanta Enclave, phase I is already completed and in phase II, we have got 0.75 million square feet of work coming up.

- Nandish Shah:** Any other project?
- Rajhoo Bbarot:** Then, we have got another project named as Olympic Lifestyle which is in joint venture with DLH Group where we hold 60% stake and that is affordable housing which we are going to start shortly. Third project is Atlanta Heights which is in the pipeline, land is already procured. We are just applying for approval of plans and we intend to take up in the third or fourth quarter upon getting the necessary approval from the corporation at Kandivali in the name of Atlanta Heights.
- Moderator:** Thank you. We take the next question from the line of Rahul Jayesh Vora from Rising Capital. Please go ahead.
- Rahul Jayesh Vora:** Sir, the amount awarded with respective arbitration, this is not a normal course of revenue, right. This is arbitration award, but this has been clubbed with the revenues. So can you give us the breakup of the operations of the company?
- Rajhoo Bbarot:** First let me clarify that these receivables are because of the dispute with the government on cost incurred by way of extra work carried out, additional items, variations and other related things. Now these are being realized by way of arbitration awards and are part of revenue only and since the revenue was not booked earlier, now being booked for the first time as a revenue.
- Rahul Jayesh Vora:** Booking first time as revenue.
- Rajhoo Bbarot:** We have taken the opinion also. Our statutory auditors Price Waterhouse Coopers also have clarified in the report also that this is in line with the industry practice and since it was not booked as revenue earlier, now it is to be booked as revenue.
- Rahul Jayesh Vora:** Sir regarding the finance cost, which has increased. You gave an explanation of that there was no bank guarantee. So for what purpose, it was a bank guarantee....
- Rajhoo Bbarot:** This was for our Sabarkantha project wherein we have taken a bank guarantee for performance and bid bonds etc. So that is additionally still the revenue has not been recognized because financial close is not achieved, but the cost for bank guarantee has already been incurred.
- Rahul Jayesh Vora:** For which project?
- Rajhoo Bbarot:** Our project at Gujarat which is on HAM basis costing around Rs. 1150 crores EPC contract for which bid bond guarantee has already been given by us and cost was incurred.
- Rahul Jayesh Vora:** So there was one more notable increase, almost 50%-55% increase that was in employee expenses.
- Rajhoo Bbarot:** We are in the process of making pre-operative arrangements which includes camp setting and other necessary developments. Therefore we have also deployed staff as we have to do lot of pre-engineering activities for which the cost is being incurred.



**Rahul Jayesh Vora:** So one last question. It is about the real estate projects. What do you expect the revenues to be in full year in the real estate division and what would be the EBITDA margins for this approximately the EBITDA margins?

**Rajhoo Bbarot:** EBITDA margin in our Thane project is around 20%. We are going to start somewhere in October and it depends on bookings because till 10% of bookings are reached, we do not recognize revenue. So in this year, we are expecting about Rs 40 to 45 crores to be the revenue from that project. Now as far as Jodhpur project is concerned that under separate subsidiary and it will only reflect on the bottom-line. It would not come in topline whatever revenues are booked from there.

**Rahul Jayesh Vora:** It will only come from bottom-line.

**Rajhoo Bbarot:** Because whatever profits will be there, they can only be in bottom-line. It does not come in our topline even on consolidated basis. It is under a joint venture partnership firm where we have got a 60% stake. And this third project, Atlanta Heights, we are intending to start only in the last quarter, third or the last quarter of the current fiscal. However, there will not be much impact on the topline from third project. Real impact will be seen only from the next year.

**Moderator:** Thank you. We take the next question from the line of Akash Jain from Ajcon Global Services. Please go ahead.

**Akash Jain:** Sir, my question is regarding in the rise of construction expenses and because of that, the EBITDA has suffered in this quarter. So could you throw some light the reason for the increase in construction expenses?

**Rajhoo Bbarot:** Construction expenses have gone up from Rs. 123 crores in Q1FY17 to Rs 181 crores in Q1FY18. It has got an impact of the GST also because previously we were paying about 5% to our subcontractors and 15% services were being availed. Now that has become 12% and moreover material costs have slightly gone up. So we are seeing the impact of it and we are also discussing with government. Now input credit will be available, but then ultimately there is some extra cost on materials. So we are setting the impact and then we are also claiming under change of legislation from the government. So outcome of which is not known till date, but then there is a slight increase in cost of material like cement, steel like cement, it has become 28% GST. On steel, it is 18%. Thus input material costshave gone up because of GST mainly.

**Moderator:** Thank you. We take the next question from the line of Nandish Shah from Nirmal Bang Securities. Please go ahead.

**Nandish Shah:** Sir, I was looking at your notes to accounts and I guess you received some claims from various authorities. So if I exclude that from your receivables, you have done EBITDA loss for this quarter. Can you explain the reasons behind that sir please?



- Rajhoo Bbarot:** See, we have received the claims worth about...
- Nandish Shah:** I guess Rs. 34.4 crores.
- Rajhoo Bbarot:** Yes, Rs. 34.4 crores and balance is our turnover from the different projects. There is a cost also for receipt of these claims like legal cost and other related cost whatever we have incurred. So arbitration award receivables do not come for a zero cost. And on different EBITDA margins, there is no loss, as ultimately cost of funds and other things, operational cost everything has to be divided on EPC, real estate and arbitration money whatever has been received.
- Moderator:** Thank you. Next question is from the line of Mihir Desai from Desai Investments. Please go ahead.
- Mihir Desai:** I just wanted to know that what is our bidding book and also what is our bid to book ratio?
- Rajhoo Bbarot:** I will just give you, one minute. And what was earlier one?
- Mihir Desai:** What is our bidding book currently?
- Rajhoo Bbarot:** As I said earlier in my opening remarks, we are qualified for individual project of Rs. 1400 crores with NHAI and other government departments as per the formula available and thus we are bidding for the different projects. More than Rs 10,000 million worth of projects we are working for submitting our bids and success ratio normally is around 12%.
- Mihir Desai:** And sir wanted to know our future strategies going forward on a company point of view?
- Rajhoo Bbarot:** So as we have said that these three projects are there where land is already available. Our real estate development projects are going to be there in the next 2-3 years for which visibility is there. Rs. 1500 crores worth of projects are already on hand. So visibility of revenue also is there for next 2 years and we are cautiously bidding the projects with comparatively better margins and wherever our current projects and machineries are there. So we intend to take another about Rs. 800-1000 crores worth of projects in this current fiscal additionally.
- Mihir Desai:** And sir on the real estate front, are we aggressively looking towards affordable housing because the market wherever is going towards affordable housing?
- Rajhoo Bbarot:** See, our Thane project is already under affordable housing because floor area is around 650 square feet. Similarly, in Jodhpur also, we have gone on affordable basis only with studio apartments, one bedroom and two bedrooms. There we are focusing mainly because of the upcoming refinery. There will be a huge demand coming up pursuant to the setting up of the refinery. So these two are affordable and Kandivali which we are planning is two bedrooms and three bedrooms. It is not coming under affordable, but then it is for middle income group.
- Mihir Desai:** And sir any outlook like from the industry point of view because just you can throw some light from your end?

**Rajhoo Bbarot:** See, now there is a slight impact of GST because input materials like cement, steel which were having a taxation rate of about say 12% substantially gone up. Steel it is now 18% and for cements it is 28% GST. So material cost is gone up. We are working to understand that how the input cost will be, but our fear is that total input cost will not be offsetting whatever 12% is there and there will be some impact. So ultimately we are discussing with government also. Things will be much clearer in next 1-2 quarter because when the assessment and other things start, our request also to the government that either it should be reduced, but yes ultimately we should be compensated for whatever increase is there and under the terms of the contract. So, definitely it has got an impact and then effects will be seen over next one or two quarters.

**Mihir Desai:** And sir any guidance you can give on proportion of order book during FY18 closure like how much will be the EPC or real estate or?

**Rajhoo Bbarot:** See, basically EPC is likely to increase because of this Gujarat project which we are going to start. And we are also expecting arbitration awards worth about Rs. 200 crores in this current fiscal, of which 34 crores has already been realized. So EBITDA margin on this arbitration award is about 85%-90% like that. On our toll collection in consolidated if you see, our EBITDA margins are about 90%. And if you see, we have got about 20% EBITDA margins. So based on that, you can say this is a general guidance and our EPC is going to considerably increase. Similarly, this arbitration also as I said about 200 crores is likely to be there and real estate is about again 20% to 25% for the projects. So these are the EBITDA margins and topline, we are hopeful that there will be a jump over 50% from the last fiscal.

**Moderator:** Thank you. We take the next question from the line of Shравan Shah from Dolat Capital. Please go ahead.

**Shравan Shah:** Sir, just reconfirming, in first quarter in revenue we book Rs. 37 crores as arbitration claims?

**Rajhoo Bbarot:** Rs 34.40 crores.

**Shравan Shah:** So that was in revenue and that was also the cash that we have received?

**Rajhoo Bbarot:** Yes.

**Shравan Shah:** And post first quarter post June, July, August and the September till date, how much cash we have received?

**Rajhoo Bbarot:** So as I said, totally in this year we are expecting about Rs. 200 crores to be received. Out of which, this Rs. 34.4 crores has been booked in first quarter and second quarter is still not closed, we will not be able to give you the details of that. But balance whatever Rs. 165 crores is going to be there. We are expecting the balance over 3 quarters of the current fiscal.

- Shravan Shah:** And sir in FY17 presentation last time, we were expecting close to around Rs. 400 crores claims to be received in FY18, now which has reduced to Rs. 200 crores. So why there is a change?
- Rajhoo Bbarot:** Because we have to see whatever the progress is there because some of the claims are against bank guarantees, some of them are in the Supreme Court and the final outcome of the verdict is awaited. So depending upon the progress being made in different court cases, we review that what is likely to come by what time. So this again is estimation if suppose something comes up dispose of earlier and then we get it, so but just now as on today our present estimation is that around Rs. 200 crores will be in the current fiscal.
- Shravan Shah:** And in terms on overall if I look at 1100 crores utilization of this arbitration cash, if you can just give a broad...
- Rajhoo Bbarot:** Repayment of debt of the main company Atlanta Limited. In consolidated wherever it comes, in subsidiaries there it will be repaid as a debt and then we are trying to infuse the equity in our Sabarkantha Annuity Private Limited out of these receivables.
- Shravan Shah:** So just once again if trying to total it up, around Rs. 232 crores would be the equity that we will be infusing our HAM Project?
- Rajhoo Bbarot:** Over a period of 2 years. In the first instance, we are going to infuse about 50% of the equity as per the proposal given and balance will be going towards the repayment of debt of main company Atlanta Limited.
- Shravan Shah:** So standalone gross debt is how much as on June?
- Rajhoo Bbarot:** Total Rs. 197 crores by the end of June quarter of FY18 as against Rs. 217 crore in Q4FY17
- Shravan Shah:** And is there any subsidiary where the claim is there and where the debt is also there?
- Rajhoo Bbarot:** Claim is there. Rs. 113 crores debt repaid before time in Atlanta Infra Assets Limited, our Nagpur-Kondhali project. One more claim we are expecting, but if it materializes before March. There is Rs. 150 crores debt on Atlanta Ropar, another subsidiary. So whatever we will be receiving there, that will be going towards the prepayment of the debt in Atlanta Ropar Tollways Private Limited.
- Shravan Shah:** And I think there is a debt in Bihar MORA project?
- Rajhoo Bbarot:** But that we are not expecting in this year because this year we expect the arbitration to be completed.
- Shravan Shah:** I am just trying to understand the utilization of 1100 crores cash to be received by FY19?

- Rajhoo Bbarot:** There is about Rs. 360 crores of debt on MORA subsidiary. So as and when that realizes, it will go for debt repayment of that project.
- Shravan Shah:** So closer to Rs. 500 crores would be the debt which will be repaid for Ropar and MORA and Rs. 150 crores for standalone debt repayment?
- Rajhoo Bbarot:** And in Nagpur-Kondhali, we have got another Rs. 130 crores balance which when balance claim is realized, will be paid as we have got total Rs. 290 crores claims there. Out of which, Rs. 117 crores has been received. So balance as and when it is received, will go towards clearing the debt over there.
- Shravan Shah:** So sir just trying to understand by FY19, how much extra apart from the HAM equity Rs. 232, even there would be some tax that we have to pay on the arbitration cash that we will be receiving. So just by FY19, so FY18 and FY19, how much extra cash out of arbitration that would be there with standalone entity including the equity infusion of Rs. 230 crores. I am just trying to understand what will be the ballpark?
- Rajhoo Bbarot:** Around Rs. 350 crores will be surplus after repayment of all the debts. And out of that Rs. 232 crores, we intend to infuse as equity in Sabarkantha project.
- Moderator:** Thank you. We take the next question from the line of Sandeep Jabuani from Narnolia Securities. Please go ahead.
- Sandeep Jabuani:** Sir, I missed the consolidated debt numbers. What was that at the end of June?
- Rajhoo Bbarot:** As I said, a total of around Rs 197 crores are in Atlanta main company. Around Rs. 150 crores is on Ropar. We have got Rs. 350 crores in MORA and around Rs 130 crores on Nagpur-Kondhali. More or less around 900 crores is the total consolidated debt of all the group companies.
- Sandeep Jabuani:** Sir in last con-call, you had mentioned that some of the money came in April or May?
- Rajhoo Bbarot:** April, it had come.
- Sandeep Jabuani:** So what was the debt reduction in this Q1 FY18?
- Rajhoo Bbarot:** See, around Rs. 40 crores of debt we have reduced over the year in main company, Atlanta Limited. Then Rs. 113 crores was reduced in our Atlanta Infra Asset that is Nagpur-Kondhali.
- Sandeep Jabuani:** The claim of...
- Rajhoo Bbarot:** A total of Rs. 117 crores was paid to the lenders of Nagpur-Kondhali project.
- Sandeep Jabuani:** That claim we have booked in Q4 FY17 or Q1?

- Rajhoo Bbarot:** It was in Q1
- Sandeep Jabuani:** That claim we have booked in Q4 last year?
- Rajhoo Bbarot:** No, it was in Q1FY18.
- Sandeep Jabuani:** So all in all, we have reduced Rs. 40 crores debt on?
- Rajhoo Bbarot:** Main Company, Atlanta Limited.
- Sandeep Jabuani:** In Q1?
- Rajhoo Bbarot:** Rs. 21 crores in main company.
- Sandeep Jabuani:** Okay. So nothing on subsidiaries?
- Rajhoo Bbarot:** Subsidiary, we have not received any in this Q1 apart from Rs 117 crores for Atlanta Infra.
- Moderator:** Thank you. We take the next question from the line of Rahul Jindal from ICICI Bank. Please go ahead.
- Rahul Jindal:** Sir regarding all the projects when you mentioned the EBITDA margins, the EBITDA margins was 90% for the toll and 25% for the EPC and overall in Q1, the EBITDA is negative. So can you just explain how come this negative?
- Rajhoo Bbarot:** So as I said earlier, see totally Rs. 34.4 crores we have received as an arbitration money which has got about 90% EBITDA because about 10% is cost of this lawyer charges, legal charges and other things, collection cost. Now 20%-25% is the balance revenue, our EBITDA margin depending on infra assets, around 20% is there project wise and 25% is in our real estate. So revenue booked was around Rs. 6 crores in real estate projects and in EPC, around Rs. 13 crores from projects. So if you see EBITDA is not negative in that. But then some of the costs of bank guarantee, finance charges and other charges were there. So net it has slightly become lower than the corresponding quarter of the last fiscal. Some costs are one-time cost as well.
- Rahul Jindal:** So you mean that the remaining part of the claim will come up, but without any substantial increase in the expenses, the legal expenses? I think it is an ongoing expense, every quarter you have to pay those expenses?
- Rajhoo Bbarot:** Not every quarter. As and when the invoices are raised for the services rendered, suppose services have been rendered, but then money has not come. So these are the costs which we have to pay and ultimately at later date it may not be required to be paid because then the costs have already been incurred.
- Rahul Jindal:** So you mean that in the coming quarters, cost would not be at the same level?

- Rajhoo Bbarot:** Yes. Legal costs are varying. It is not a fixed cost.
- Rahul Jindal:** What is the major cost you incurred while getting your claims?
- Rajhoo Bbarot:** Mainly legal fees. Then, bank guarantee charges. Somewhere we have given bank guarantees, so bank guarantee charges are required to be incurred like margin money and...
- Rahul Jindal:** At what commission do you usually get the bank guarantee?
- Rajhoo Bbarot:** This bank guarantee is for against the claim amount we have got it 1.6% commission.
- Rahul Jindal:** Out of this Rs. 34.4 crores, how much was the legal expenses?
- Rajhoo Bbarot:** Totally, legal cost, I will just give you the detail totally what we have incurred. Around Rs. 3.31 crores.
- Rahul Jindal:** So out of this EBITDA margin, you are saying Rs. 3.31 crores was the legal expenses?
- Rajhoo Bbarot:** Yes, legal expenses and bank guarantee charges.
- Rahul Jindal:** And bank guarantee charges would be around about Rs. 10 crores?
- Rajhoo Bbarot:** No, bank guarantees charges, since the total finance cost is Rs. 8.4 crores. Out of that, about bank guarantee charges may be around Rs. 2.5 crores.
- Rahul Jindal:** So around about Rs. 5 crores you have built in the legal claims charges?
- Rajhoo Bbarot:** Yes.
- Rahul Jindal:** Still my question remains the EBITDA, how come you are justifying the EBITDA being negative?
- Rajhoo Bbarot:** No, EBITDA may not come negative
- Rahul Jindal:** The expenses you have made in the real estate and your financials show that you have made lot of expenses in the cost of material consumed and all those things. So we do not have that much amount of revenue out there. The cost of material consumed is about Rs. 14 crores.
- Rajhoo Bbarot:** Yes, but ultimately as I said for phase II, booking has not been started. But cost has been incurred. Otherwise, EBITDA is not negative.
- Moderator:** Thank you. We take the next question from the line of Rahul Jayesh Vora from Rising Capital. Please go ahead.
- Rahul Jayesh Vora:** Sir, what will be the finance cost for the whole year?

**Rajhoo Bbarot:** Finance cost, as I said the current quarter, it is Rs 8.43 crores vis-à-vis Rs 7.44 crores in the corresponding quarter of the last fiscal.

**Rahul Jayesh Vora:** What will be the finance cost for the whole year?

**Rajhoo Bbarot:** Precisely, it cannot be done today because finance cost is based on so many variables. Bank guarantee commissions will be about different guarantees, then bank guarantees we take for our claims which are there. So out of Rs. 200 crores, how much will be the claim which will be taking again the bank guarantee that is not known today and then finance cost of this Sabarkantha Annuity will be coming in that SPV. So ultimately, consolidated will be different. Percentage wise finance cost is around 16%.

**Rahul Jayesh Vora:** Including depreciation, right? Sir, if I see the last annual report, there has been some new statement made let me be correct it was something like there is no requirement for margin money in case arbitration is awarded.

**Rajhoo Bbarot:** But commission is there.

**Rahul Jayesh Vora:** You have stated there would be no margin money?

**Rajhoo Bbarot:** See, now last year what we have taken Rs. 117 crores bank guarantee.

**Rahul Jayesh Vora:** Zero margin.

**Rajhoo Bbarot:** There was no margin because it was totally going for fund based payment of whatever Rs. 117 crores we have received by way of non-fund based from bank guarantee after giving the bank guarantees. This was utilized for payment of debt. So with the bank, we made an understanding that whatever is there, there will not be any margin because ultimately entire money is going for repayment of debt. Thus in short, fund-based facilities are becoming non-fund based facilities.

**Moderator:** Thank you. Well, that was the last question. I would now like to hand the floor over to Mr. Rajhoo Bbarot for his closing comments.

**Rajhoo Bbarot:** So thank you everyone for your participation in our earnings call. In case of further queries, you may get in touch with the Stellar Investor Relations or feel free to get in touch with our Investment Relations Officer, Mr. Amit Kumar Singh. I thank you all for participation.

**Moderator:** Thank you. Well ladies and gentlemen, on behalf of Atlanta Limited that concludes this conference. Thank you for joining us and you may now disconnect your lines.