

ATUL AUTO LTD

December-17

Industry: Three wheeler segment

Cmp Rs 429

Recommendation: Accumulate/Buy

Target Rs 552

Key Data

BSE Code	531795
NSE Code	ATULAUTO
52 Week High (Rs)	512
52 Week Low (Rs)	389
Market Cap (Rs Cr)	939
Face Value	5

About the Company:

Atul Auto (ATUL) is a five decade old three-wheeler manufacturer of auto rickshaws, pick-up vans and chassis of passenger vehicles based in Gujarat. It offers a range of diesel and compressed natural gas (CNG) three-wheeler products in both front and rear engine platform for passenger and cargo transportation. Its product portfolio consists of almost 50 models catering to passenger and goods carrier segments. ATUL continues to be number 1 player in Gujarat with 35% sales coming from the state. Currently, company has 320 touch points which includes 200

Industry Snapshot

Customers	Open
Market Presence	Global
Govt Regulations	Medium
Msearch View	Positive

Investment Rationale:

Presents in all segments: Caters to diverse customer base in the Cargo & Passenger segment, available on both the platforms i.e. 350 kgs payload capacity and 500 kgs payload capacity, multi fuel choice, i.e. Diesel, Petrol, CNG, LPG and E Vehicles.

Capacity Expansion: ATUL Cargo segment growth is driven by industries such as Retail, Pharma, and FMCG and infrastructure story and likely to continue in medium to long run. The existing capacity is of 60,000 vehicles per annum and the company has also started conceiving additional installed capacity of 60,000 vehicles per annum near Ahmedabad. The new unit would start contributing from FY20 onwards. Once the Ahmedabad plant comes on stream Atul will have capacity of 120,000 units. As scale of production rises, benefits of operating leverage would start kicking in as ATUL's bargaining power with suppliers would rise.

Shareholding September 2017

Promoters	52.70%
Public	47.30%

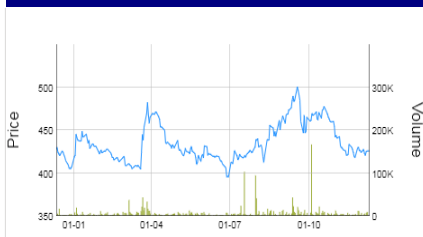
Promoters/ Management

Mr Jayantibhai Chandra	Chairman
Mr Mahendra Patel	Director /CFO
Mr Niraj Chandra	Director
Mr Vijay Kedia	Director
Mr Jitendra Adhia	President Fin

Key Ratios

ROCE (%)	22.26
Price To Book Value x	4.59
Dvd Payout ratio	s

Price Chart



Research Team

022-61507123/142

Mview

At the CMP, ATUL is trading at P/E of 15x and 13x based on our EPS estimate of FY19E and FY20E respectively. ATUL's export performance was exceptionally great in the Q3, we expect the trend to continue in the exports front over FY19E-20E. Entry into electric 3W opens up another opportunity for ATUL. Considering well managed balance sheet with zero debt and healthy growth expectations both Topline as well as bottomline are auguring well for the company. Hence we recommend Investors to BUY and add on dips with Target price of Rs 552.

CONSOLIDATED FINANCIAL TABLES
Profit & Loss Statement (Rs Cr)

Particulars	FY16	FY17	FY18E	FY19E
Income From Operation	531.0	475.3	552.6	607.9
YOY Growth		-10%	16%	10%
Expenditure				
Cost of Material Consumed	388.1	346.1	395.4	425.5
Changes in Inventory	-3.2	-0.5	6.9	6.1
Employee benefit expense	37.3	39.0	41.2	45.6
Other Expenditure	32.5	30.7	31.5	33.4
Total	454.7	415.4	475.0	510.6
EBIDTA Rs	76.3	59.9	77.6	97.3
YOY Growth		-21%	30%	25%
EBIDTA Margin %	14.4%	12.6%	14.0%	16.0%
Interest	0.8	0.6	0.3	0.3
	75.5	59.4	77.3	96.9
Depreciation	5.3	5.3	5.2	6.1
PBT	70.3	54.1	72.1	90.8
Other Income	1.3	2.5	0.0	0.0
PBT	72	56.6	72.1	90.8
TAX	24.1	19.2	25.0	30.3
PAT Rs	47.45	37	47	61
YOY Growth		-21%	26%	29%
PAT Margin %	8.9%	7.9%	8.5%	10.0%
EPS	21.60	17.3	21.5	27.6

Balance Sheet (Rs Cr)

PARTICULARS	FY16	FY17
Shareholder's Fund		
a) Share capital	11.2	11.2
b) Reserves and surplus	142.4	168.6
	154	180
Non current liabilities		
a) Deferred tax liabilities	4.97	5.3
b) Long term provisions	0.5	1.1
	5.5	6.4
Current Liabilities		
a) Trade Payables	36.0	35.9
b) Other current liabilities	13.9	16.1
c) Short term provisions	11.5	6.1
	61.4	58.2
Total	220	244.4
Assets		
Non current assets		
a) Fixed assets	87.5	90.3
b) Non current investments	0.00	6.9
c) Long term loan and advances	3.8	2.6
d) Other non current assets	0.9	1.4
	92	101
Current Assets		
a) Inventories	34.7	36.0
b) Trade Receivable	76.3	47.8
c) Cash and Bank balance	12.8	57.1
d) Short term loan and advances	3.9	2.0
e) Other current assets	0.5	0.3
	128	143.2
Total	220	244.4

Technical Outlook


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