

Issue Detail

Type	100% Book Built Issue
Issue Size (Cr)	Rs. 206
Offer Price	Rs.295 – 300
Retail & Employee Discount	NIL
Min App Size	50
Issue Open	Wednesday, March 4, 2020
Issue Close	Wednesday, March 6, 2020
Shares Offer	6,866,666
Face Value	Rs.5

Lead Mgrs Equirus Capital Private Limited

Listing	BSE & NSE
Registrar	Link Intime India Private Limited
Market Cap (Post Issue)	Rs. 802.66 crs

Market cap., Issue size, shares offer are as per Upper price band

No. of shares (Post & Pre Issue)

No. of Shares (Pre Issue)	25,588,758
Offer for Sale	5,700,000
Fresh Issue made*	1,166,666
No. of Shares (Post Issue)	26,755,424

* No. of shares as per Upper price band

Bid allocation pattern

QIB	50%	3,433,333
Non-Institutional	15%	1,029,999
Retail	35%	2,403,333
Employee	0%	

Management Team:

- Mr. Jose Jacob Kallarakal
 - (Designation: Chairman and Managing Director)
- Mr. Shiju Jacob Kallarakal
 - (Designation: Executive Director and Chief Financial Officer)

Company Overview

- Antony Waste Handling Cell Ltd is one of the top five players in the Indian MSW management industry with an established track record of 17 years, providing full spectrum of MSW services which includes solid waste collection, transportation, processing and disposal services across the country, primarily catering to Indian municipalities.

Company Majorly works on:

- I. MSW C&T (Municipal solid waste/ Collection and transportation) projects which involve door to door collection of MSW from households, slums, commercial establishments and other bulk-waste generators (community bins) from a designated area through primary collection vehicles like compactors, dumper placers and tippers and transportation of these materials, to the processing facility, transfer station or a landfill disposal site.
 - II. MSW processing projects which involves sorting and segregating the waste received from MSW C&T, followed by composting, recycling, shredding and compressing into RDF, as required.
 - III. Mechanized sweeping projects which involve deploying of power sweeping machines, manpower, comprehensive maintenance, consumables, safe disposal of the waste and any other items required for completion of the cleaning operation of the designated areas.
- Company owns modern vehicles, which helps in operating the projects more efficiently. As of January 1, 2020, company had a fleet of 1,089 vehicles.
 - Company has undertaken / currently undertaking projects in multiple States / Union Territories such as Maharashtra, Uttar Pradesh, Delhi, Karnataka, Rajasthan, Haryana and Punjab. Company will continue to expand into states with high GDP, growing urbanization, high standard of living, favourable geographic and climatic conditions.

Competitive Strengths

- A leading service provider in MSW management sector with end-to-end capabilities.
- Strong track record of project execution
- De-risked business model with diverse portfolio of projects
- Strong base of modern and well-maintained fleet of vehicles
- Experienced Promoters and Management Team with Strong Domain Expertise

Strategies

- Capitalize on the growth opportunities in the MSW management sector by continued focus on bidding for MSW projects
- Continue with rational selection of projects and strategically expand geographical footprint
- Moving up the MSW value chain by increasing presence in the emerging waste management areas in India like WTE domain.
- Continue to focus on enhancing operational efficiency

Objectives of the Issue

- Reduction of the consolidated borrowings of the Company by infusing debt in Subsidiary – AG Enviro Infra Projects Private Limited for repayment / prepayment of portion of their outstanding indebtedness.
- General Corporate Purposes.

View & Valuation

Antony Waste Handling Cell Ltd (AWHC) is one of the top players in waste management system in India. It is niche segment wherein company has consistent improving revenues and margins. The company is demanding PE of 22.8x to 26x. However, as the ipo size is below Rs 250 crs, the stock will be listed in T group. The management is highly dependent on the municipal authorities for substantial proportion of its business and revenues. Any decline in budgetary allocations towards Municipal Solid Waste Management services may have material adverse impact on the business. Further, considering current market situation, we assign Neutral rating to the issue.

Financials Snap Shot

Income Statement					Key Ratios				
Rs in Crores					Consolidated				
Y/E March	FY17	FY18	FY19	H1FY20	Y/E March	FY17	FY18	FY19	H1FY20
Revenue (Net)	275.77	276.14	283.69	218.62	EPS	13.74	12.36	11.18	10.90
Other Income	15.44	14.64	14.83	7.00	Book Value Per share	54.65	71.08	84.95	95.44
Total Revenue	291.20	290.78	298.52	225.63	Valuation(x)				
Purchase of traded goods	0.25	2.93	3.79	0.48	P/E (Upper Band)	21.83	24.27	26.84	27.53
Changes in inventories of stock-in-trade	0.14	-0.03	-0.04	0.02	P/E (Lower Band)	21.47	23.87	26.39	27.08
Project expenses	48.95	33.35	28.03	27.87	Price / Book Value	5.49	4.22	3.53	3.14
Employee benefits expense	60.61	63.95	66.32	44.23	EV (crs)	896.30	849.66	886.22	898.67
Other expenses	101.01	106.18	109.41	79.56	EV/Sales	3.25	3.08	3.12	4.11
Total Expenses	210.96	206.39	207.51	152.16	EV/EBITDA	13.83	12.18	11.63	13.52
EBITDA	64.81	69.75	76.18	66.47	Profitability Ratios				
Depreciation	11.14	12.71	18.33	10.58	RoE	25%	17%	13%	11%
EBIT	53.67	57.04	57.85	55.88	RoCE	23%	23%	19%	15%
Finance Costs	25.29	22.89	24.99	13.92	PAT Margin(%)	12%	11%	10%	13%
Profit before Tax	43.82	48.79	47.68	48.97	Liquidity Ratios				
Exceptional item	-	-	-	-	Interest Coverage Ratio	2.12	2.49	2.31	4.01
Total tax expense	2.78	8.90	13.26	11.12	Current Ratio	0.66	0.77	0.71	0.78
PROFIT AFTER TAX	41.04	39.88	34.42	37.84					
Non-controlling interests	8.33	10.47	7.26	10.06					
Share in Profit/(Loss) of Joint Ventures	-	-	-	-					
Profit For the Period/Year After Tax	32.71	29.41	27.16	27.78					

Balance Sheet					Cash Flow Statement				
Rs in Crores					Rs in Crores				
Y/E March	FY17	FY18	FY19	H1FY20	Y/E March	FY17	FY18	FY19	H1FY20
Share Capital	1.31	1.31	7.15	7.15	Profit / (Loss) before tax	43.82	48.79	47.68	48.97
Reserves	90.19	118.81	142.94	169.83	Adjustments for:				
Non Controlling Interest	38.58	49.06	56.33	66.38	Depreciation and amortization (including impairment)	11.14	12.71	18.33	10.58
Net Worth	130.07	169.18	206.42	243.36	(Profit) / loss on sale of property, plant and equipment (net)	-0.02	-	-	-
Financial liabilities					Loss on sale of property, plant and equipment (net)	-	0.04	0.03	0.02
Borrowings	106.31	80.60	105.513	118.550	Loss on sale of assets held for sale (net)	-	0.32	-	-
Other financial liabilities	1.78	2.00	2.194	2.044	Interest income	-11.44	-10.99	-12.85	-6.89
Provisions	15.50	21.34	30.303	37.667	Bio-mining expenses	5.58	5.48	7.68	5.48
Deferred tax liabilities (net)	8.55	8.38	11.56	13.11	Provision for doubtful debts	3.24	1.90	0.76	1.48
Non - current liabilities	132.14	112.32	149.57	171.38	Sundry credit balances written back	-1.85	-2.48	-	-
Financial liabilities					Excess provisions written back - others	-1.42	-0.77	-1.75	-
Borrowings	32.91	30.68	30.71	31.08	Sundry balances written off	-	0.74	-	-
Trade payables	16.0	31.6	36.2	41.24	Employee stock option cost forming part of employee benefits expenses	-	-	2.79	-
Other current liabilities	7.16	3.88	4.85	4.53	Finance costs	21.25	18.44	19.31	11.12
Provisions	1.82	3.99	4.61	5.27	Operating Profit before working capital	70.28	74.19	81.98	70.75
Other financial liabilities	44.12	69.17	71.09	84.43	Adjustments for working capital:				
Current tax liabilities (net)	2.76	7.26	7.33	5.27	(Increase) / decrease in trade receivables	-18.25	-7.50	-16.81	-7.91
Current liabilities	104.74	146.58	154.80	171.82	(Increase) / decrease in inventories	0.14	-0.03	-0.04	0.02
Total Liabilities	366.96	428.07	510.79	586.56	(Increase) / decrease in financial loans, other financial assets and other assets	-16.11	-30.39	-26.40	-21.44
Property, plant and equipment	47.24	41.47	60.61	88.13	Increase / (decrease) in trade payables, provisions and other liabilities	13.45	8.21	5.28	12.56
Capital work-in-progress	4.83	-	15.10	15.03	Cash generated from operations	49.51	44.48	44.01	53.99
Intangible assets	-	-	105.00	119.37	Income Tax Paid	-4.09	-8.54	-14.09	-11.97
Other intangible assets	92.68	105.59	8.19	12.15	Net cash from operating activities (A)	45.42	35.94	29.92	42.02
Trade receivables	33.14	28.40	33.03	37.31	Net cash from / (used in) investing activities (B)	-26.13	14.06	-53.75	-53.57
Other financial assets	102.99	119.02	150.65	157.11	Net cash from / (used in) financing activities (C)	-40.89	-29.38	11.91	12.14
Loans	1.97	1.92	2.21	2.75	Net Increase / (Decrease) in cash and cash equivalents (A+B+C)	-21.60	20.62	-11.92	0.59
Deferred tax assets (net)	4.28	6.36	9.19	9.08	Cash and cash equivalents at the beginning of the Year	32.48	10.88	31.49	19.57
Income tax assets (net)	3.89	5.78	7.05	7.69	Cash and cash equivalents at the end of the Year	10.88	31.49	19.57	20.16
Other non-current assets	6.96	6.14	9.68	4.52					
Non-current assets	297.97	314.68	400.69	453.14					
Inventories	0.03	0.05	0.09	0.07					
Trade receivables	33.93	44.27	55.68	57.84					
Cash and cash equivalents	10.88	31.49	19.57	20.16					
Other Bank balances	1.80	2.11	2.38	2.38					
Loans	1.49	5.44	1.84	2.12					
Other financial assets	8.76	18.03	12.79	21.00					
Other current assets	7.00	8.19	13.75	26.01					
Assets held for sale	5.12	3.81	3.99	3.84					
Total Current assets	68.99	113.39	110.10	133.42					
TOTAL Assets	366.96	428.07	510.79	586.56					

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Analyst's ownership of the stocks mentioned in the Report	NIL
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