

## Antony Waste Handling Cell Ltd

Incorporated in 2001, Antony Waste Handling Cell Limited (AWHCL) is engaged in offering Municipal Solid Waste (MSW) management services. The service range of the company includes solid waste collection, transportation, processing and disposal services to Indian municipalities. It has in-house expertise in landfill construction and management sector.

**Positives:** (a) Presence in the fast-growing MSW management industry with end-to-end capabilities; (b) Strong track record of project execution; (c) Long term contracts with municipalities; (d) Experienced promoters and management team with strong domain expertise.

**Investment concerns:** (a) AWHCL reported poor consolidated top-line (CAGR of ~1% over FY2017-19), while bottom-line reported de-growth over the same period, hence growth concerns remain; (b) This business involves receivables risk from municipalities, which can lead to financial instability of the company. This also restricts further investment in asset development.

**Outlook & Valuation:** AWHCL was unable to performance on top-line & bottom-line fronts over FY2017-19, and hence we believe that concerns regarding the company's financials exist. Further, the business involves working capital and receivables risk from municipalities, which restricts the future growth opportunities. Despite the lower pre-issue P/E at 10.1x 1HFY2020 annualized earnings (at the upper end of the issue price band), **we recommend NEUTRAL rating on the issue.**

### Key Financials

Y/E March (Rs cr)	FY2017	FY2018	FY2019	1HFY20
<b>Net Sales</b>	<b>276</b>	<b>276</b>	<b>284</b>	<b>219</b>
% chg	-	0.1	2.7	-
<b>Net Profit</b>	<b>41</b>	<b>40</b>	<b>34</b>	<b>38</b>
% chg	-	(2.8)	(13.7)	-
OPM (%)	23.5	25.3	26.9	30.4
<b>EPS (Rs)</b>	<b>16.0</b>	<b>15.6</b>	<b>13.5</b>	<b>14.8</b>
P/E (x)	18.7	19.2	22.3	-
P/BV (x)	5.3	6.3	4.9	-
RoE (%)	28.4	32.8	21.9	-
RoCE (%)	18.9	24.5	19.7	-
EV/Sales (x)	3.2	3.1	3.1	-
EV/EBITDA (x)	13.8	12.1	11.6	-

Angel Research; Note: Valuation ratios based on pre-issue outstanding shares and at upper end of the price band

## Neutral

Issue Open: March 04, 2020

Issue Close: March 06, 2020

### Issue Details

Face Value: Rs.5

Present Eq. Paid up Capital: Rs12.8cr

Offer for Sale: NIL

Fresh issue: Rs35cr

Post Eq. Paid up Capital: Rs13.4cr

Issue size (amount): Rs203cr - \*\*Rs206cr

Price Band: Rs295-300

Lot Size: 50 shares and in multiple thereafter

Post-issue implied mkt. cap: \* Rs789cr - \*\*Rs803cr

Promoters holding Pre-Issue: 51.1%

Promoters holding Post-Issue: 48.9%

\*Calculated on lower price band

\*\* Calculated on upper price band

### Book Building

QIBs	50% of issue
Non-Institutional	15% of issue
Retail	35% of issue

### Post Issue Shareholding Pattern

Promoters	48.9%
Others	51.1%

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## Company background

Incorporated in 2001, Antony Waste Handling Cell Limited is engaged in offering Municipal Solid Waste (MSW) management services. The service range of the company includes solid waste collection, transportation, processing and disposal services to Indian municipalities. It has in-house expertise in landfill construction and management sector.

The company is a part of Antony group, which has a diversified business model including ancillary and automotive body-building industries. Antony Waste Handling Cell Ltd has completed 25 projects for municipalities and private players till November 30, 2018. The company mainly takes MSW processing projects, MSW C&T projects, and mechanized sweeping projects.

Some of the major clients of the company are Municipal Corporation of Delhi (MCD), Jaypee International Sports, and Kalyan Dombivali Municipal Corporation (KDMC). Currently, the company has 515 vehicles whose components are obtained from international suppliers named BUCHER Municipal AG and Compost System GmbH.

## Issue details

AWHCL is raising ₹ 35cr through fresh issue & Private equity fund selling 57 lakhs equity shares through offer for sale in the price band of ₹ 295-300.

### Exhibit 1: Pre and post IPO shareholding pattern

	No of shares (Pre-issue)	%	No of shares (Post-issue)	%
Promoters	13,075,780	51.1	13,075,780	48.9
Others	12,512,978	48.9	13,679,645	51.1
	25,588,758	100.0	26,755,425	100.0

Source: Source: RHP, Note: Calculated on upper price band

## Objectives of the Offer

- Reduction of the aggregate outstanding borrowings of the Company on a consolidated basis (~ ₹ 30cr)
- General corporate purposes, subject to the applicable laws.

**Consolidated Income Statement**

Y/E March ( ` cr)	FY2017	FY2018	FY2019	1HFY20
<b>Net Sales</b>	<b>276</b>	<b>276</b>	<b>284</b>	<b>219</b>
% chg		0.1	2.7	-
<b>Total Expenditure</b>	<b>211</b>	<b>206</b>	<b>208</b>	<b>152</b>
Raw Material	49	36	32	28
Personnel	61	64	66	44
Others Expenses	101	106	109	80
<b>EBITDA</b>	<b>65</b>	<b>70</b>	<b>76</b>	<b>66</b>
% chg		7.6	9.2	-
(% of Net Sales)	23.5	25.3	26.9	30.4
Depreciation & Amortization	11	13	18	11
<b>EBIT</b>	<b>54</b>	<b>57</b>	<b>58</b>	<b>56</b>
% chg		6.3	1.4	-
(% of Net Sales)	19.5	20.7	20.4	25.6
Interest & other Charges	25	23	25	14
Other Income	15	15	15	7
(% of PBT)	35.2	30.0	31.1	14.3
<b>Recurring PBT</b>	<b>44</b>	<b>49</b>	<b>48</b>	<b>49</b>
% chg		11.3	(2.3)	-
Tax	3	9	13	11
(% of PBT)	6.3	18.2	27.8	22.7
<b>PAT (reported)</b>	<b>41</b>	<b>40</b>	<b>34</b>	<b>38</b>
Extraordinary Items	-	-	-	(0)
<b>ADJ. PAT</b>	<b>41</b>	<b>40</b>	<b>34</b>	<b>38</b>
% chg		(2.8)	(13.7)	-
(% of Net Sales)	14.9	14.4	12.1	17.4
<b>Basic EPS ( ` )</b>	<b>16.0</b>	<b>15.6</b>	<b>13.5</b>	<b>14.8</b>
<b>Fully Diluted EPS ( ` )</b>	<b>16.0</b>	<b>15.6</b>	<b>13.5</b>	<b>14.8</b>
% chg		(2.8)	(13.7)	-

Source: Company, Angel Research

**Consolidated Balance Sheet**

Y/E March ( ` cr)	FY2017	FY2018	FY2019	1HFY20
<b>SOURCES OF FUNDS</b>				
Equity Share Capital	1	1	7	7.15
Reserves& Surplus	143	120	150	170
<b>Shareholders Funds</b>	<b>144</b>	<b>121</b>	<b>157</b>	<b>177</b>
Debt	139	111	136	150
Deferred Tax Liability	11	16	19	18
Minority Interest	39	49	56	66
<b>Total Liabilities</b>	<b>282</b>	<b>302</b>	<b>368</b>	<b>411</b>
<b>APPLICATION OF FUNDS</b>				
<b>Net Block</b>	<b>140</b>	<b>147</b>	<b>174</b>	<b>220</b>
Capital Work-in-Progress	5	-	15	15
<b>Current Assets</b>	<b>215</b>	<b>275</b>	<b>312</b>	<b>335</b>
Inventories	0	0	0	0
Sundry Debtors	67	73	89	95
Cash	13	34	22	23
Loans & Advances	3	7	4	5
Other Assets	132	161	197	212
Current liabilities	86	132	149	175
<b>Net Current Assets</b>	<b>129</b>	<b>143</b>	<b>163</b>	<b>160</b>
<b>Deferred Tax Asset</b>	<b>8</b>	<b>12</b>	<b>16</b>	<b>17</b>
Mis. Exp. not written off	-	-	-	-
<b>Total Assets</b>	<b>282</b>	<b>302</b>	<b>368</b>	<b>411</b>

Source: Company, Angel Research

**Consolidated Cash Flow Statement**

Y/E March ( ₹ cr)	FY2017	FY2018	FY2019	1HFY20
Profit before tax	44	49	48	49
Depreciation	11	13	18	11
Change in Working Capital	(20)	(29)	(38)	(17)
Interest / Dividend (Net)	(0)	0	0	0
Direct taxes paid	(4)	(9)	(14)	(12)
Others	15	12	13	11
<b>Cash Flow from Operations</b>	<b>47</b>	<b>37</b>	<b>30</b>	<b>42</b>
(Inc.)/ Dec. in Fixed Assets	(44)	3	(63)	(57)
(Inc.)/ Dec. in Investments	18	11	9	4
<b>Cash Flow from Investing</b>	<b>(26)</b>	<b>14</b>	<b>(54)</b>	<b>(54)</b>
Issue of Equity	0	0	0	0
Inc./(Dec.) in loans	(17)	(10)	34	22
Dividend Paid (Incl. Tax)	(66)	(4)	(6)	0
Interest / Dividend (Net)	41	(16)	(16)	(10)
<b>Cash Flow from Financing</b>	<b>(42)</b>	<b>(30)</b>	<b>12</b>	<b>12</b>
Inc./(Dec.) in Cash	(22)	21	(12)	1
<b>Opening Cash balances</b>	<b>32</b>	<b>11</b>	<b>31</b>	<b>20</b>
<b>Closing Cash balances</b>	<b>11</b>	<b>31</b>	<b>20</b>	<b>20</b>

Source: Company, Angel Research

### Key Ratios

Y/E March	FY2017	FY2018	FY2019
<b>Valuation Ratio (x)</b>			
P/E (on FDEPS)	18.7	19.2	22.3
P/CEPS	14.7	14.6	14.6
P/BV	5.3	6.3	4.9
EV/Sales	3.2	3.1	3.1
EV/EBITDA	13.8	12.1	11.6
EV / Total Assets	3.2	2.8	2.4
<b>Per Share Data (₹)</b>			
EPS (Basic)	16.0	15.6	13.5
EPS (fully diluted)	16.0	15.6	13.5
Cash EPS	20.4	20.6	20.6
DPS	0.0	0.0	0.0
Book Value	56.4	47.5	61.5
<b>Returns (%)</b>			
ROCE	18.9	24.5	19.7
Angel ROIC (Pre-tax)	20.2	28.6	22.6
ROE	28.4	32.8	21.9
<b>Turnover ratios (x)</b>			
Asset Turnover (Gross Block)	2.0	1.9	1.6
Inventory / Sales (days)	0	0	0
Receivables (days)	89	96	114
Payables (days)	21	42	47
Working capital cycle (ex-cash) (days)	68	54	68

Source: Company, Angel Research

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