

Company Profile

Antony Waste Handling Cell Limited 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. They are among the select few who have pioneered in MSW collection and transportation sector. They are among the key players in landfill construction and management sector with in-house expertise for landfill construction along with its management. They are also present in the emerging waste management area in India which is MSW based WTE (Source: Frost & Sullivan Report).

They primarily undertake: (i) MSW C&T 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; and (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, through themselves and/or their Subsidiaries. Having undertaken more than 25 projects as of January 1, 2020, of which 17 are ongoing, they have demonstrated their track-record as a comprehensive service provider equipped with the resources to handle large-scale projects for municipalities as well as private players. Their portfolio of 17 ongoing projects as on January 1, 2020, comprised eleven MSW C&T projects, two MSW processing (including WTE) project and four mechanized sweeping projects. All the 17 ongoing projects have started generating revenue. They are currently undertaking projects for the Municipal Corporation of Greater Mumbai ("MCGM"), the Navi Mumbai Municipal Corporation ("NMMC"), the Thane Municipal Corporation ("TMC"), Pimpri Chinchwad Municipal Corporation ("PCMC"), the North Delhi Municipal Corporation ("NDMC"), the Mangalore Municipal Corporation ("MMC"), New Okhla Industrial Development Authority ("NOIDA"), Nagpur Municipal Corporation ("NMC") and the Greater Noida Industrial Development Authority ("GNIDA"). They are also currently undertaking a project for Jaypee International Sports. In the past, they have also undertaken projects for Municipal Corporation of Delhi ("MCD"), Municipal Corporation, Gurgaon ("MCG"), Ulhasnagar Municipal Corporation ("UMC") Amritsar Municipal Corporation ("AMC"), Kalyan Dombivali Municipal Corporation ("KDMC") and Jaipur Municipal Corporation ("JMC").

Their foothold in the solid waste management industry can be traced back to the incorporation of the Company in 2001. Starting with a simple business of collection and transportation of waste, they have come a long way in the field of solid waste management with adoption of latest technologies and innovations thereby transforming this business itself into a complex operation system with the use of technologies in garbage compaction, processing, use of transfer stations, 108 management of sanitary engineered landfills. As of January 1, 2020, they had a fleet of 1,089 vehicles. They procure the components of their vehicles mostly from leading international suppliers, such as BUCHER Municipal AG and Compost System GmbH, who have been amongst their preferred vendors for over four years. They believe that their fleet of modern vehicles provides them with a competitive advantage by ensuring easy availability of vehicles best suited for the projects as well as bolstering their project execution capabilities.

Urbanization is a critical factor driving the MSW generation in the country. Changing lifestyle patterns, increasing disposable incomes, have paved way for consumerism and, have also contributed to waste generation in urban India. MSW generation is expected to grow at a CAGR of 5% (Fiscals 2018-23) from 55 Million TPA in Fiscal 2018 to

reach 70 Million TPA by Fiscal 2023. The MSW Management market is estimated at INR 30,000 Million for Fiscal 2018 and is expected to reach 62,000 Million by Fiscal 2023 at a CAGR of 15.6%. Increasing participation of professional players in collection and transportation services and development of scientific recycling and disposal methods for management of MSW is expected to be key driver for the market. (Source: Frost & Sullivan Report)

Construction and maintenance of sanitary landfills is a long-term opportunity in India. Landfills are seen as vital component in the integrated management of solid waste for cities having population more than 1 Million. Kanjurmarg site in Mumbai is a key success story of scientific landfill in India. It is one of the largest single location waste processing plants in Asia. (Source: Frost & Sullivan Report). The Company was awarded Kanjurmarg landfill project by MCGM in the Fiscal 2010. The project involves, inter alia, design, construction, operation and maintenance of integrated waste management facilities on DBOOT basis. It is being undertaken by Antony Lara Enviro Solutions Private Limited ("ALESPL"), which is a jointventure between the Company and Lara Central De Tratamento De Residuos Limited. As on December 31, 2019, the site has a bio-reactor landfill with a capacity of 4,000 TPD, and a sanitary landfill of 250 TPD. Moreover, the site also has a material recovery and compost facility with a capacity of 1,000 TPD. As of December 31, 2019, they had processed approximately 6.17 million metric tons of waste at their Kanjurmarg site since Fiscal 2010. Further, as on December 31, 2019, their subsidiary ALESPL has been operating a 0.4 MW landfill gas-to-energy plant at Kanjurmarg facility since the year 2014, which has been upgraded to 1.37 MW with the electricity produced being used for internal consumption.

They are part of the 'Antony' group which has diversified business interests, including in the automotive body-building and ancillary industries. They are driven by Promoters, each having an experience of more than 19 years in the solid waste management industry and a qualified and dedicated management team. Their Promoters, namely Jose Jacob Kallarakal and Shiju Jacob Kallarakal, have been associated with the Company since its incorporation and have played a significant role in the development of the business. As of January 1, 2020, they had 6,579 full-time employees, on a consolidated basis. The Company received the "Municipal Waste Management Market Leadership Award 2009" from Frost & Sullivan. They were also awarded with "Certificate of Excellence-2013" for Solid Waste Management Projects by Confederation of Indian Industry.

For Fiscals 2017, 2018 and 2019 and the six-month period ended September 30, 2019, as per the Restated Financial Statements, their total revenues from operations were ₹2,757.69 million, ₹2,761.36 million and ₹2,836.89 million and ₹2,186.24 million, respectively. Their profit after tax for Fiscals 2017, 2018 and 2019 and the six-month period ended September 30, 2019, as per the Restated Financial Statements, were ₹410.39 million, ₹398.84 million and ₹344.23 million and ₹378.43 million, respectively. From Fiscal 2017 to Fiscal 2019, as per the Restated Financial Statements, their EBITDA increased from ₹802.41 million to ₹910.05 million, representing a CAGR of 6.50%. Their return on net worth for Fiscals 2017, 2018 and 2019 was 35.74%, 24.48% and 18.10%, respectively.

ISSUE DETAILS

1	Name of the Company	Antony Waste Handling Cell Limited
2	Issue Offer	Public issue of up to [●] equity shares of face value of ₹5 each (the “equity shares”) of Antony Waste Handling Cell Limited for cash at a price of ₹ [●] per equity share (including a securities premium of ₹ [●] per equity share) (the “issue price”) aggregating up to ₹ [●] million (the “issue”) consisting of a fresh issue of up to [●] equity shares aggregating up to ₹350 million by the company (“fresh issue”) and an offer for sale of up to 5,700,000 equity shares aggregating up to ₹ [●] million comprising up to 1,390,322 equity shares by leads (mauritius) limited aggregating up to ₹ [●] million, up to 2,085,502 equity shares by tonbridge (mauritius) limited aggregating up to ₹ [●] million, up to 769,917 equity shares by cambridge (mauritius) limited aggregating up to ₹ [●] million and up to 1,454,259 equity shares by guildford (mauritius) limited aggregating up to [●] million
3	Issue Size	₹203.15 crores - ₹206.00 crores
4	IPO Date	March 04, 2020 to March 06, 2020
5	Price Band	₹295 to ₹300 per Equity Share
6	Bid Lot	50 Equity Shares and in multiples thereof
7	Offer Ratio	QIB: 50%, HNI: 15%, Retail: 35%

Key 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

Key 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 their geographical footprint
- Moving up the MSW value chain by increasing their presence in the emerging waste management areas in India like WTE domain
- Continue to focus on enhancing operational efficiency

Key Risk Factors

- Company is dependent on municipal authorities for a substantial proportion of their business and revenue. Many Municipalities have been struggling to fund various solid waste management projects from their own revenue receipts and are highly dependent on state/central grants/budget allocation. Any decline in the budgetary allocation towards MSW projects will have a material adverse impact on their business, financial condition, and results of operations.
- They depend on a limited number of customers for a significant portion of their revenue. The loss of any of their major customer due to any adverse development or significant reduction in business from the major customer may adversely affect their business, financial condition, results of operations and future prospects.
- They operate in an industry which may require them to have high working capital. Their inability to meet such working capital requirements may have a material adverse effect on their business, financial condition and results of operations
- Any increase in or occurrence in company's contingent liabilities may adversely affect its financial condition. As at September 30, 2019, company's contingent liability stood at Rs.75.55 Million.
- They have had negative cash flows in the past and may have negative cash flows in the future
- Inability to obtain, maintain or renew requisite statutory and regulatory permits and approvals for their business operations could materially and adversely affect their business, prospects, results of operations and financial condition
- There are outstanding legal proceedings involving the Company, its Subsidiaries, its Directors and its Promoters
- Their actual cost in executing an MSW contract may vary substantially from the assumptions underlying their bid. They may be unable to recover all or some of the additional expenses, which may have an adverse effect on the business, financial condition, results of operations, and prospects
- **Company's indebtedness, including various conditions and restrictive covenants imposed on it under its financing agreements could adversely affect its ability to grow its business or react to changes in its business environment.** As of September 30, 2019, the outstanding amount under the borrowings of the Company, on a consolidated basis was ₹ 1,890.29 million.
- The Company has had instances of non-compliances in relation to regulatory filings to be made with the RoC and the RBI **under applicable law.**
- Please refer audit qualifications in the financial statements of the company for the six months ended on September 30, 2019 and for the fiscals 2019, 2018 and 2017 given in red herring prospectus beginning page 169 onwards.

(Please refer the entire list of risk factors given in section II (page 21 onwards) given in RHP)

Financials (Restated)

Profit Details

(₹ In Millions)

Particulars	September 30, 2019	March 31, 2019	March 31, 2018
Total Revenue	2,256.26	2,985.18	2,907.78
Profit Before Tax (PBT)	489.65	476.80	487.87
Profit After Tax (PAT)	378.43	344.23	398.84
Earnings Per Share (Basic in ₹)	19.43	20.19	22.49

Balance Sheet

(₹ In Millions)

EQUITY AND LIABILITIES	As at 31.03.2019	As at 31.03.2018	ASSETS	As at 31.03.2019	As at 31.03.2018
Shareholders' Funds			Non-Current Assets		
Share Capital	71.51	13.08	Capital work in progress	151.00	-
Other Equity	1,429.42	1,188.08	Deferred Tax Assets (Net)	91.87	63.58
Non-controlling interests	563.28	490.59	Income tax assets (net)	70.47	57.83
			Other non-current assets	96.78	61.41
Non Current Liabilities			Property, Plant and Equipment	606.06	414.70
Borrowings	1,055.13	806.02	Intangible Assets	1,050.03	-
Other financial liabilities	21.94	19.98	Intangible Assets under Development	81.89	1,055.85
Provisions	303.03	213.36	Other financial Assets	1,506.46	1,190.22
Deferred Tax liabilities (Net)	115.61	83.80	Trade receivables	330.30	284.02
			Loans	22.07	19.19
Current Liabilities			Current Assets		
Borrowings	307.13	306.77	Inventories	0.90	0.54
Trade Payables:			Cash and Cash equivalents	195.70	314.93
Due to micro and small enterprises	10.85	0.01	Other Bank Balances	23.84	21.05
Other than micro and small enterprises	351.18	316.02	Loans	18.44	54.39
Other financial liabilities	710.94	691.73	Trade receivables	556.84	442.69
Other Current Liabilities	48.50	38.83	Other financial Assets	127.91	180.29
Provisions	46.05	39.87	Other current assets	137.48	81.90
Current Tax liabilities (Net)	73.33	72.56			
			Assets held for sale	39.86	38.11
Total	5,107.90	4,280.70	Total	5,107.90	4,280.70

Comparison with peers

Company does not have any listed industry peers in India

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Registration details:

JM Financial Services Ltd.

Corporate Identity Number: U67120MH1998PLC115415

Stock Broker - INZ000195834

(NSE - Member Code- 10548 | BSE - Clearing No. 325 | MSEI - Membership No.-58300); NCDEX-1282; MCX- 56555

Depository Participant- NSDL - IN-DP-NSDL-241-2004 | CDSL - IN-DP-CDSL-236-2004.

Investment Adviser- INA000012351. Portfolio Manager- INP000000621

Mutual Fund Distributor- ARN0002; Research Analyst-INH000001196

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