

Antony Waste Handling Cell Ltd. (BSE/NSE)

Industry: Waste Handling Recommendation: *Subscribe*

Antony waste is a part of “Antony Group” which is a diversified business entity into automotive body-building and ancillary industries. Company is one of the 5 major players in waste management industry.

With industry growing at 16% CAGR, Antony waste looks at huge opportunities ahead with support from government policies like “Swatch Bharat” aiming 100% disposal of MSW.

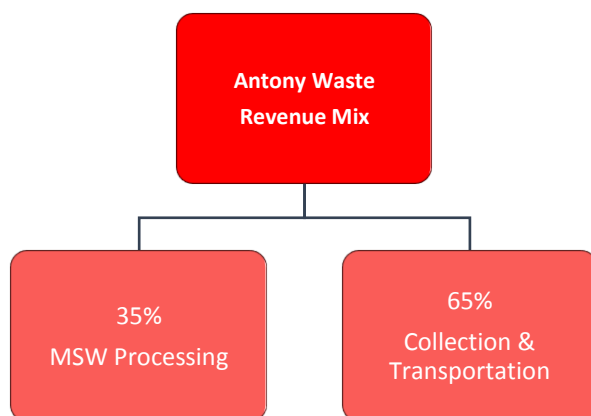
Company Information-

Company was incorporated in 2001, Antony waste Handling Cell and is one of the top 5 players in Municipal Waste Management with a track record of strong performance for the past 17 years. It provides Solid waste collection, disposal, transportation and processing across country. Major clients are from Indian Municipalities like Thane, Delhi, Noida, Mumbai, etc. Company has 14 ongoing projects out of 25 undertaken projects.

Top clients are agencies like Municipal Corporation of Greater Mumbai, Navi Mumbai Municipal Corporation, Delhi Cantonment Board, Greater Noida Industrial Development Authority, etc. Antony waste also entered into Waste-to-Energy segment by entering into concession agreement with Pimpri Chinchwad Municipal Corporation.

Business Overview-

Antony waste is one of the top 5 players in MSW management industry providing services which includes solid waste collection, transportation, processing and disposal services across country. Its major clients are municipalities of Thane, Greater Mumbai, Mangalore, Navi Mumbai, North Delhi, Greater Noida (GNIDA), UP, Ulhasnagar MC, Noida and Kanjurmarg in Mumbai. Top 5 clients contribute almost 82.45% in total revenues as of 2018. Company has 14 ongoing projects as of November, 2018 including 8 MSW C&T projects, one MSW and 5 mechanized sweeping projects. MSW C&T projects include collection of MSW and transportation to station, processing facility or landfill disposal sites. Antony’s Kanjurmarg site in India is an example of work carried out by waste management companies in which projects involve design, construction, operation and maintenance of waste management facilities on DBOOT (Design, Build, Own, Operate and Transfer) basis. As of November, 2018 Antony processed 42 million tons of waste at Kanjurmarg, Mumbai site since 2010. Projects are acquired by bidding process. Company has a fleet of 1,089 vehicles as of January, 2020.



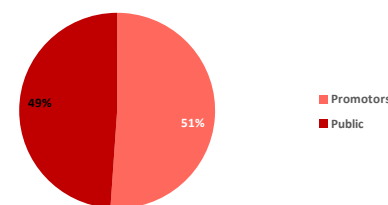
Offer Details

Price Band	INR 295-300
Offer Open Date	4 th March, 2020
Offer Close date	6 th March, 2020
Lot Size	50 Equity Shares

Offer Details

Transaction Size	INR 206 crores
Fresh Issue	INR 35 crores
QIB	50%
NII	15%
Retail	35%
MCap	INR 800 crores
Exchange	NSE/BSE
Book Running Lead	Equirus Capital Pvt.

Shareholding Pattern (%)



Abha Kant, Junior Research Analyst

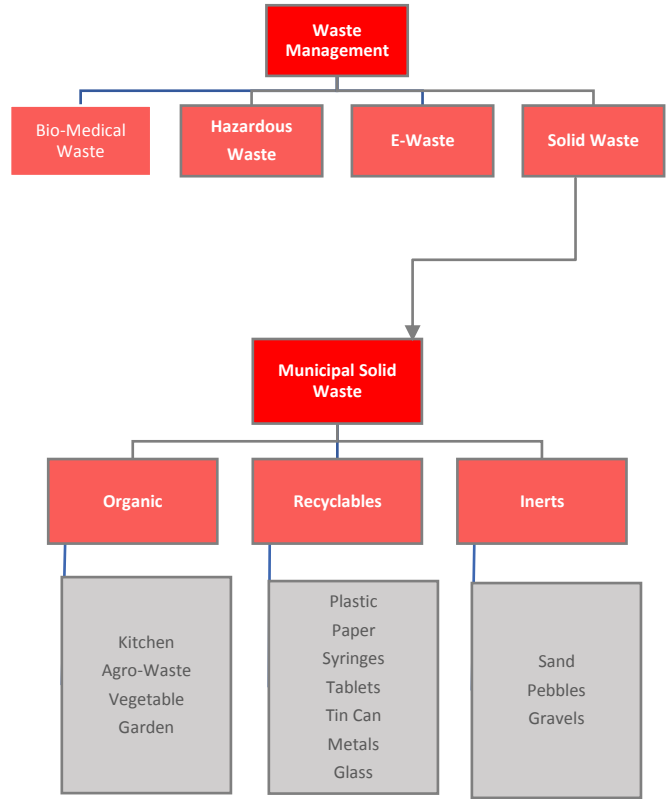
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Increasing Municipal Solid Waste generation in India-

MSW (Municipal Solid Waste) industry consists of biodegradable waste (50%), Recyclable waste (20%), Inerts (22%) and other kind of waste (8%). Indian production of MSW stands at more than 55 million tons per year and is growing at a CAGR of 5%. MSW market is currently INR 30,000 million for FY18 and is growing at a CAGR of 15.6%. Per capita waste generation in India is 200-600 grams/ day whereas global average according to World Bank in at 526 grams/day in 2015. Metro cities in India generate twice as much as tier-3 cities. Domestic per capita waste generation has grown at a rate of 1% per year form 2001-2015.

A report by *The Hindu* states that India has dumped 73% of collected waste and only 27% was treated in 2014-15. Recycling rates in India are way below international standards. For packaging paper it is 27%, 60% for plastics, 20-25% for metals. In Scandinavian countries average recycling rates have touched 90% mark. Currently, 80% of solid waste in India is being collected and transported whereas 25% gets processed. Swatch bharat mission aims at achieving 100% management of waste. Company believes that WTE and E-waste recycling are the growing areas. India’s waste-to-energy is expected to be 1,075MW by 2031 and 2,780 MW by 2050.



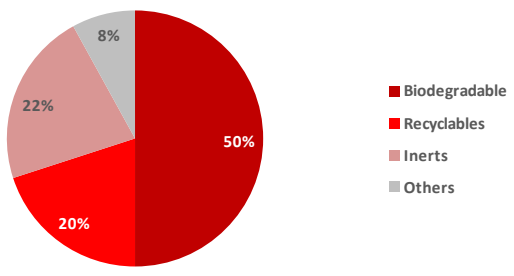
Better lifestyle and rapid urbanization to result in increased MSW-

Growing urbanization, higher standards of living with increase in income levels are some of the factors contributing to increasing MSW. MSW and IHW (Industrial Hazardous Waste) has grown at a CAGR of 5% whereas Bio-Medical waste grew at 3%. E-waste has increased drastically by 19% as a result of improved lifestyles and purchasing power for electronic items.

Issue Details-

Antony Waste Handling Cell will launch INR 206 crores IPO comprising of 35 crore fresh fund raising and INR 171 crore secondary share sale. Price band for the IPO is INR 295-300 per share. Face Value of each equity share is INR 5. The floor price is 59 times the FV and Cap price is 60 times the face value of Equity Share. Bids can be made for a minimum of 50 Equity shares and in Multiples of 50 Equity Shares.

MSW Composition in India



Strong Project Execution-

Company has track record of 17 years in executing solid waste projects. It undertakes MSW C&T projects, MSW and mechanized sweeping for municipalities and private players. 25 projects are undertaken as of 1st January, 2020 out of which 14 are ongoing. Antony waste has better positioning as compared to peers like Essel group, IL&FS, Jindal ITF, SMS Envirocare, A2Z green waste management and Ramky as it provides diverse set of services.

Project	Location	Scope	Project Start Yr.	Project end Yr.
Thane	Maharashtra	C&T of MSW	2012	2020
Navi Mumbai	Maharashtra	C&T of MSW	2015	2022
Mangalore	Karnataka	Sanitization	2015	2022
Greater Noida-Z1	UP	C&T, sweeping, cleaning, Disposal of MSW to landfill site	2015	2022
Greater Noida-Z2	UP	Collection, Sweeping, Cleaning, Transportation & Disposal of MSW of landfill site	2018	2019
Jaypee	UP	Collection, Sweeping, Cleaning, Transportation & Disposal of MSW of landfill site	2012	2020
North Delhi	Delhi	Sanitization	2018	2018
Dahisar	Dahisar & Borivali	Collection, Sweeping, Cleaning, Transportation & Disposal of MSW	2018	2025
Pimpri Chinchwad MC-South Zone	Pimpri Chinchwad	C&T of MSW	2019	2027
Nagpur	Maharashtra	C&T of MSW from Zone-1 to Zone-5	2019	2029
Noida	UP	Collection of MSW on BOOT basis with handling, storage and transportation to designated waste processing & disposal site	2019	2029
Greater Noida-1	Noida	Collection, Sweeping, Cleaning, Transportation & Disposal of MSW of landfill site	2001	2004
Greater Noida-2	Noida	Collection, Sweeping, Cleaning, Transportation & Disposal of MSW of landfill site	2013	2018
MCD	Delhi	Collection, segregation, storage and transportation to designated waste processing & disposal site	2005	2018
Gurgaon	Gurgaon	Collection, Sweeping, Cleaning, Transportation & Disposal site	2010	2017
Greater Noida	UP	Mechanical Sweeping	2016	2023
Navi Mumbai	Maharashtra	Mechanized Sweeping	2016	2023
Ulhasnagar	Maharashtra	Mechanized Sweeping	2010	2019
Kanjur	Maharashtra	Mechanized Sweeping	2010	2035

Source: DHRP

Industry Players-

There are 20-30 players in MSW management market providing various services like mechanized sweeping, collection of waste and disposal, waste-to-energy, composting, etc. Industry comprise of companies such as Ramky Enviro, Antony waste which are environmental infra and consulting companies. Some companies like IL&FS and logistics firms like Boomika Transport are also present in the industry. Antony waste, Ramky Enviro, UPL environmental Engineers, Essel Group and IL&FS are major players in the industry.

Threats-

Top 5 customers contribute majority of revenues, around 82%. Highly dependence on few players might create risk in the long term. Top clients are agencies like Municipal Corporation of Greater Mumbai, Navi Mumbai Municipal Corporation, Delhi Cantonment Board, Greater Noida Industrial Development Authority, etc. Loss of significant client, Projects form such clients may have adverse impact on business and operations.

Company has a fleet of 1,089 vehicles and fuel forms major cost along with maintenance of vehicles. Fuel prices being beyond control can act as a threat in the short to medium run and affect operations.

Financial Snapshot-

Company is one of a kind in the industry with no other competitor which is listed on exchange. However, Private players like Ramky Enviro, UPL environmental Engineers, Essel Group and IL&FS are major players in the industry. At IPO price, company is valued at 800 crores with a P/E of 20.24x for FY20 at higher price band limit. EPS (Basic) for the period 2019 was 20.19 and RONW (%) was at 18.10.

Prospects for company looks good as it caters to Municipal Corporation with diversified portfolio of services including own fleet of 1,089 vehicles giving edge over peers along with industry growing at 16% per annum.

Profit & Loss Statement-

(In Millions)					
Particulars	H1FY20	FY19	FY18	FY17	FY16
Revenue from Operations	2,186	2,837	2,712	2,750	2,272
<i>Growth (%)</i>		4.6%	(1.4%)	21%	
Expenses					
Purchase of Stock-in-trade	5	38	29	2	27
Change in inventory	0	0	0	1	1
Project Expenses	279	303	334	688	384
Employee Benefit Expenses	442	663	640	611	485
Other Expenses	796	1,090	1,064	794	760
Total Expenses	1,522	2,094	2,067	2,097	1,656
<i>%age of Revenue</i>	69.62	73.82	76.21	76.24	72.89
Profit Before Interest, Tax & Depreciation	664	743	645	653	616
<i>PBITDA Margin (%)</i>	30.4	26	24	24	27
Less: Depreciation	106	177	125	111	136
Profit Before Interest & Tax	558	566	520	543	480
Less: Finance Cost	139	246	227	250	271
Add: Other Income	70	148	168	0	0
Profit Before Tax	489	469	462	292	209
Total Tax expenses	111	153	77	31	67
Profit for the Period (PAT)	378	315	385	261	142
<i>PAT Margin (%)</i>	17.3%	11%	14%	10%	6%

Balance Sheet-

(Amt in Millions)					
Particulars	H1FY20	FY19	FY18	FY17	FY16
ASSETS					
Non-Current Assets					
Net Block	881	576	400	463	507
Capital Work-in-Progress	150	151	-	48	12
Intangible Assets	1,194	1,132	1,056	927	584
Loans	28	22	19	21	5
Trade Receivables	373	615	136	1,294	1,042
Other Financial Assets	1,571	1,506	1,190	67	69
Deferred Tax Assets	91	92	79	40	-
Non-Current Tax Assets	77	72	65	47	55
Other Non-Current Assets	45	97	61	70	90
Total Non-Current Assets	4,531	4,264	3,006	2,977	2,364
Current Assets					
Inventories	1	1	1	-	2
Trade Receivables	578	557	723	409	374
Cash & Cash Equivalent	202	196	315	109	325
Bank Balance	24	24	21	18	78
Loans	21	18	54	15	29
Other Current Assets	260	138	39	38	12
Other Financial Assets	210	127	224	31	36
Assets Held for Sale	39	40	38	51	50
Total Current Assets	1,334	1,100	1,414	671	904
Total Assets	5,866	5,364	4,420	3,648	3,268
EQUITY & LIABILITIES					
Equity					
Equity Share Capital	72	72	13	13	13
Other Equity	1,698	1,720	1,385	901	603
Total Shareholder's Funds	1,770	1,791	1,398	914	616
Non-Controlling Interest	664	562	459	396	314
Non-current Liabilities					
Borrowings	1,406	1,055	806	1,063	1,196
Deferred Tax Liabilities	131	116	84	86	78
Provisions	377	303	213	155	95
Total Non-Current Liabilities	1,714	1,474	1,103	1,304	1,370
Current Liabilities					
Borrowings	311	307	307	329	382
Trade Payables	412	362	317	160	129
Other Financial Liabilities	844	700	685	422	373
Other Current Liabilities	45	49	39	78	64
Provisions	53	46	40	18	5
Current Tax Liability	53	73	73	28	16
Total Current Liabilities	1,718	1,537	1,460	1,035	968
Total Liabilities	5,866	5,363	4,420	3,648	3,268

Cash Flow Segment-

(Amt in Millions)					
Particulars	H1FY20	FY19	FY18	FY17	FY16
Profit before tax & extraordinary items	490	469	462	419	330
Adjustments:					
Depreciation & Amortization	106	177	125	111	136
Loss on Sale of PPE	-	-	-	-	-
Loss on Sale of Assets held for Sale	-	-	3	-	-
Interest Income	(69)	(129)	(132)	(111)	(111)
Bio-Mining Expenses	55	77	55	47	47
Loss allowance	15	8	19	13	28
Sundry credit balance written back	15	-	(25)	(6)	(3)
Excess Provisioning written back	-	(18)	(8)	(2)	(6)
Sundry Balances written off	-	-	7	-	6
Share based payment to employees	-	28	-	-	-
Finance costs	111	193	197	246	267
Operating profit before working capital changes	708	805	705	715	694
Changes in Working Capital					
(Increase)/Decrease in Trade Receivables	(80)	(168)	(48)	(300)	(289)
(Increase)/Decrease in Inventory	0	0	0	1	1
(Increase)/Decrease in Financial Loans and Other Assets	(214)	(249)	(308)	(32)	(1)
Increase/(Decrease) in Payables, Provisions and Other Liabilities	126	49	215	128	67
Total cash from operations	540	437	564	513	473
Tax Paid	(120)	(141)	(85)	(45)	(46)
Net Cash from Operating Expenses	420	296	478	468	427
Investing Activities					
Purchase of PPE	(575)	(625)	(99)	(407)	(204)
Proceeds from Sale of PPE	1	2	2	2	1
Proceeds from Sale of Assets held for sale	4	1	10	(2)	0
Fixed deposit held as security with bank	(34)	(42)	(13)	63	(37)
Interest Income received	69	130	135	114	114
Net Cash from Investing Activities	(536)	(535)	35	(230)	(126)
Financing Activities					
Proceeds from Issue of Preference Shares	-	-	-	-	165
Proceeds/(Repayment) of Current Borrowings	4	-	(22)	(53)	(58)
Proceeds from Non-Current Borrowings	378	589	278	82	150
Repayment of Non-Current borrowings	(160)	(249)	(357)	(200)	(182)
Finance Costs Paid	(100)	(165)	(174)	(217)	(245)
Dividend on Preference share capital paid	-	(56)	(31)	(66)	-
Net cash from financing activities	121	119	(307)	(454)	(170)
Net increase/(decrease) in cash & cash equivalent	6	(119)	206	(216)	130
Cash & cash equivalents at the beginning of the financial year	196	315	109	325	194
Cash & cash equivalents at the end of the year	202	196	315	109	325

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