

Antony Waste Handling Cell Ltd : Average Issue IPO Note : (Undersubscribed in Mar20), Indian MSW - Municipal Solid Waste. Coming up with fresh IPO : Flat Growth. Reasonable Margins.



Issue details

Price band (Rs)	Rs.313-315
IPO Opening Date	21/12/20
IPO Closing Date	23/12/20
Issue Size	Rs.300 Cr.

Recommendation

For the last three fiscals, AWH has posted turnover/net profits of Rs. 290.78 cr. / Rs. 39.88 cr. (FY18) and Rs. 298.52 cr. / Rs. 34.68 cr. (FY19) and Rs. 464.61 cr. / Rs. 62.08 cr. (FY20). For the first half of FY21, it has earned a net profit of Rs. 29.05 cr. on a turnover of Rs. 215.10 cr. AWH has posted an average EPS of Rs. 20.14 (on a diluted basis) and average RoNW of 20.21% for the last three fiscals. If we annualize latest earnings and attribute it on fully diluted post issue equity then asking price is at a **P/E of around 15.32**. Based on FY20 earnings, asking price is at a **P/E of around 14.35 on post-issue equity**. According to the management, with new long term contracts with better margin augurs well and they are confident of maintaining the tempo of growth. As per offer documents, **AWH has no listed peers to compare with**. AWH has posted improved performance for the last three fiscals; however, due to COVID-19, it suffered a minor setback for H1 of FY21. The issue seems fully priced.

Highlights

- Antony Waste Handling Cell Ltd. (AWH) is one of the top three players in the Indian MSW (Municipal Solid Waste) management industry with an established track record of 19 years.
- Having undertaken more than 25 projects as of November 15, 2020, of which 18 are ongoing.
- As of November 15, 2020, AWH had a fleet of 1147 vehicles and a workforce of 7391 full-time employees.
- AWH has emerged as a niche player for fulfilling Government of India's "Swachha India" and "Smart Cities" initiatives.

Company Introduction

Incorporated in 2001, Antony Waste Handling Cell Limited is one of the leaders in India's Municipal Solid Waste Management (MSW) industry. The business is offering a full spectrum of MSW services i.e. solid waste collection, processing, transportation, and its disposal across the country. It also plays a leading position in the landfill construction and management sector.

The company's key business operations include MSW C&T, MSW processing, and Mechanized sweeping project. As of August 31, 2020, Antony Waste has 17 MSW C&T, 2 MSW processing, and 4 mechanized sweeping ongoing projects. The company is undertaking many projects of Navi Mumbai Municipal Corporation (NMMC), Thane Municipal Corporation (TMC), Pimpri Chinchwad Municipal Corporation (PCMC), Mangaluru Municipal Corporation (MMC), New Okhla Industrial Development Authority (NOIDA), and Greater Noida Industrial Development Authority (GNIDA). It has a waste processing plant at the Kanjurmarg site. Having undertaken more than 25 projects as of November 15, 2020, of which 18 are ongoing. It is also currently undertaking a project for Jaypee International Sports. In the past, it had also undertaken projects for Municipal Corporation of Delhi ("MCD"), Municipal Corporation, Gurgaon ("MCG"), Ulhasnagar Municipal Corporation ("UMC") Amritsar Municipal Corporation ("AMC"), Kalyan Dombivali Municipal

ANTONY WASTE

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Financial Summary (Rs. In Crore)

Particulars	Six months ended Sept. 30, 2020	FY2020	FY2019	FY2018
Total Income	215.10	464.61	298.51	290.78
Net Profit	29.05	62.07	34.68	39.88
EPS (Rs)	10.27*	21.94	12.26	14.1

*EPS not annualized

Source: RHP and ACE Equity

RANKING METHODOLOGY

WEAK	*
AVERAGE	**
GOOD	***
VERY GOOD	****
EXCELLENT	*****

Corporation ("KDMC") and Jaipur Municipal Corporation ("JMC"). The company recently awarded a contract by Varanasi Municipal Corporation for MSW.

Company Promoters:

Jose Jacob Kallarakal, Shiju Jacob Kallarakal, and Shiju Antony Kallarakal are the promoters of the company.

Objects of the Issue:

The company proposes to utilize funds towards the following objects:

- To finance PCMC WTE Project through investment in subsidiaries
- To pay-off company's consolidated borrowings by infusing debt in Subsidiary-AG Enviro
- To meet general corporate purposes.

IPO Issue Proceed

To part finance its needs to invest in subsidiary for PCMC WTE (Pimpri Chinchwad Municipal Corporation - Waste to Energy) project (Rs. 40.00 cr.) as well as repayment/pre-payment of outstanding of subsidiaries (Rs. 38.50 cr.) and general corpus funds, AWH is coming out with a maiden IPO of approx 9523345 equity shares of Rs. 5 each via book building route with a price band of Rs. 313 - Rs. 315. The company will issue fresh equity (approx. 2698412 shares) to the tune of Rs. 85.00 cr. and also has an offer for sale of 6824933 equity shares (approx value Rs. 215 cr. at the upper price band). AWH mulls raising Rs. 298 cr. - Rs. 300 cr. (based on lower and upper price bands) with this combo offer. The issue opens for subscription on December 21, 2020, and will close on December 23, 2020. Minimum application is to be made for 47 shares and in multiples thereon, thereafter. Post allotment, shares will be listed on BSE and NSE. AWH has allocated 50% for QIBs, 15% for HNIs and 35% for Retail Investors in this IPO. Post issue, AWH's current paid-up equity capital of Rs. 12.79 cr. will stand enhanced to Rs. 14.14 cr. With this IPO, AWH is looking for a market cap of Rs. 891 cr.

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