

**Issue Details**

Listing	BSE & NSE
Open Date	21 Dec 2020
Close Date	23 Dec 2020
Price Band	Rs.313-315
Market Lot	47 shares
Minimum Lot	1 Lot

**Antony Waste Handling Cell Ltd (Antony Waste) was incorporated in 2001. It offers a range of Municipal Solid Waste (MSW) services and is one of the leaders in India's MSW industry. Antony Waste also plays a leading position in the landfill construction and management sector in India. The company's key business operations include MSW Collection & Transportation (C&T), MSW processing, and mechanized sweeping projects.**

**During FY18-20, Antony Waste's overall revenue grew at a CAGR of 27.7% to Rs.451 cr in FY20. During the same period, the EBITDA grew at a CAGR of 34.2% to Rs.126 cr in FY20 and net profit grew at a CAGR of 20.0% to Rs.42 cr in FY20.**

**Issue Structure**

Offer for sale	96%
Fresh Issue	4%
Issue Size	Rs.300 cr
Net no of shares	95,23,345
QIB share (%)	≥ 50%
Non Inst share (%)	≤ 15%
Retail share (%)	≤ 35%

**Key Investment Highlights:**

- **The Municipal Solid Waste (MSW) Management market is estimated at Rs. 5,000 crores for FY20 and is expected to grow at a CAGR of 14.4% to reach Rs. 9,800 crores by FY25. Antony Waste, being one of the top five players in the MSW industry, is expected to benefit from this growth potential.**
- **The company has a strong portfolio of 18 ongoing projects as on November 15, 2020. The projects portfolio comprises of 12 MSW C&T projects, 2 MSW processing projects and 4 mechanized sweeping projects. These project contracts are for different time periods and thus expire at different times, giving the company a staggered revenue stream.**
- **Antony Waste operates one of the largest single location waste processing plants in Asia. Its project in Kanjurmarg has a bio-reactor landfill with a capacity of 4,500 TPD, sanitary landfill with a capacity of 250 TPD, material recovery and composting facility with a capacity of 1,000 TPD and a 0.97 MW gas to energy plant. It is the only plant in India to produce refuse-derived fuel (RDF) with a calorific value of over 3,000 kcal/kg.**

**Shareholding Pattern**

	Pre (%)	Post (%)
Promoters	51.1	46.2
Institutional	48.9	36.9
Public	0.0	16.9

**Key Financials (in ₹ crores)**

	Sales	EBITDA	Net Profit	EBITDA Margin (%)	Net Margin (%)	EPS ₹	BV ₹	RoE (%)	RoCE (%)	P/E (X)	P/B (x)
<b>FY18</b>	276	70	29	25.3	10.7	10.4	42.4	24.5	20.2	30.3	7.4
<b>FY19</b>	284	76	27	26.9	9.7	9.7	53.1	18.2	14.7	32.5	5.9
<b>FY20</b>	451	126	42	27.9	9.4	15.0	74.4	20.1	20.1	21.1	4.2

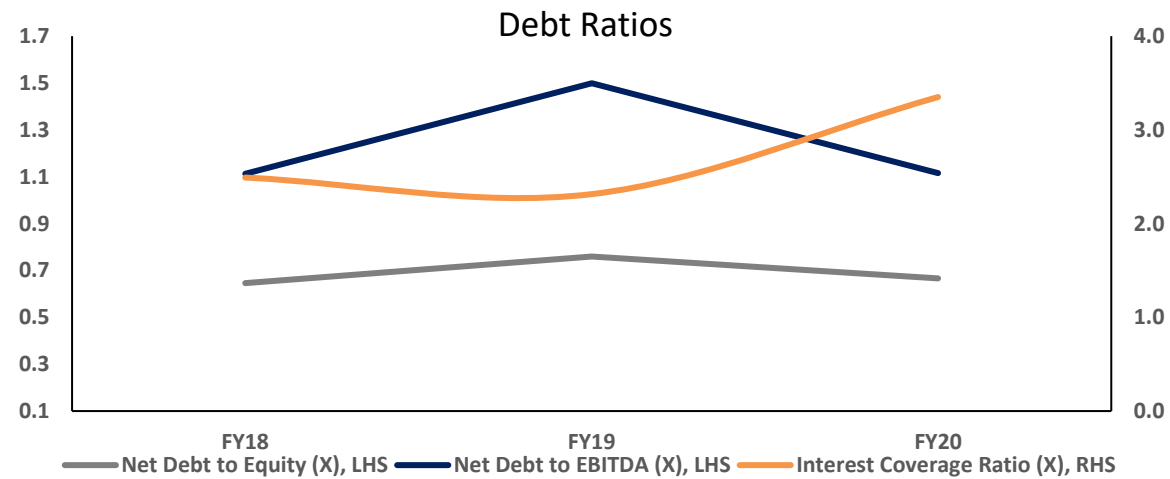
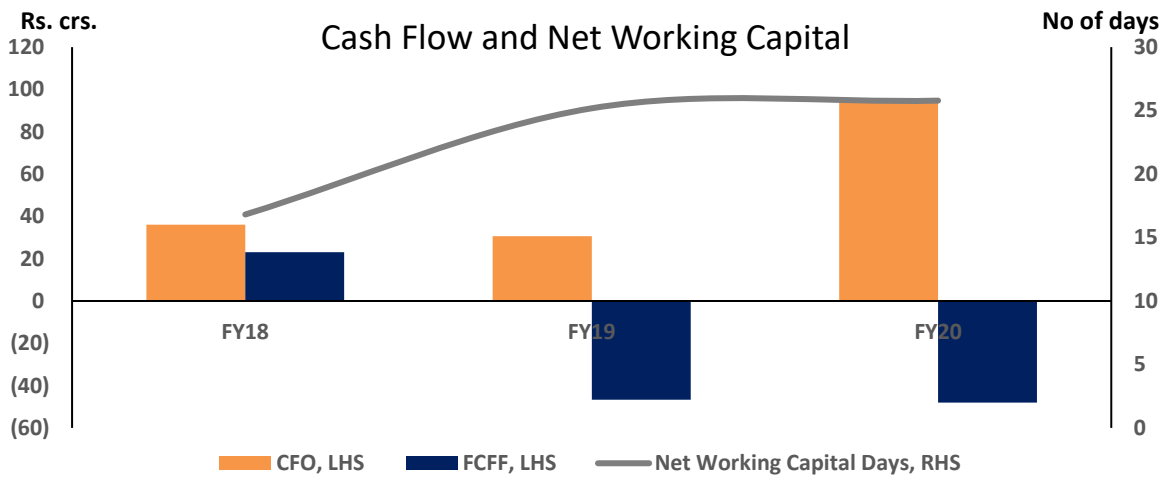
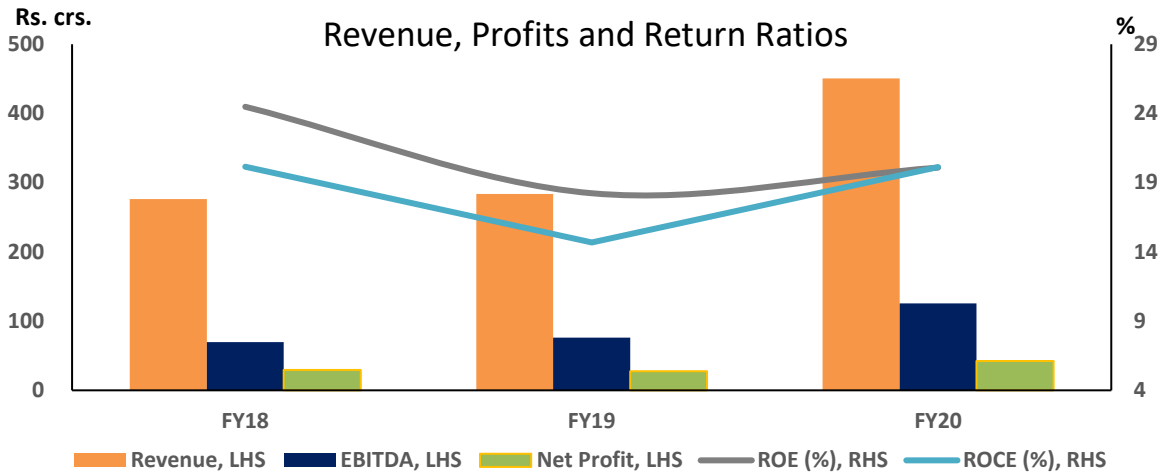
- The company has been awarded a contract for setting up and operating a Waste-to-Energy (WTE) plant, with a capacity of up to 1,000 TPD, by Pimpri Chinchwad Municipal Corporation (PCMC). MSW based WTE and E-waste recycling are emerging waste management areas in India. The company intends to continue to bid for commercially viable WTE projects from financially strong municipalities and private players and take part in the growth of this segment.
- The company follows a cluster-based approach to bid for projects – they have 5 ongoing projects in MMR and 6 ongoing projects around NCR. The cluster-based approach helps the company in improving efficiency and profitability.
- Projects of the company are efficiently operated with the help of technology backed vehicles and equipment. As of November 15, 2020, Antony Waste owns a fleet of 1,147 vehicles, of which 969 are equipped with GPS technology.

#### Valuation

At the higher price band of Rs.315, Antony Waste is valued at 21.1x FY20 P/E with an adjusted EPS of Rs.15 per share. We recommend a subscribe rating for the issue.



# Antony Waste story in charts



### Issue Structure and Offer Details

The proposed issue size of Antony Waste IPO is Rs.300 cr, of which Rs.85 crores comprises the fresh issue and the balance Rs.215 crores will be through Offer For Sale. The price band for the issue is in the range of Rs.313-315 and the bid lot is 47 shares and multiples thereof.

Issue Structure		
Issue Structure	No. of shares	Offer Details
Authorized shares	38,210,526	
Outstanding shares (@ Face Value of Rs. 5)	25,588,758	
Leeds	1,390,330	Offer for sale of Rs. 43.8 cr
Tonbridge	2,085,510	Offer for sale of Rs. 65.7 cr
Cambridge	1,158,667	Offer for sale of Rs. 36.5 cr
Guildford	2,190,426	Offer for sale of Rs. 69.0 cr
<b>Total offer for sale shares</b>	<b>6,824,932</b>	
Fresh issue shares	2,698,413	Fresh issue of Rs. 85.0 cr
<b>Total shares</b>	<b>9,523,345</b>	
- Qualified Institutional Buyers	4,761,672	Not more than 50% of Total OFS
- Non Institutional Investors	1,428,502	Not less than 15% of Total OFS
- Retail Investors	3,333,171	Not less than 35% of Total OFS

Source: Company Reports & SEBI

Objects of the offer	
Purpose	Amount (Rs. cr.)
Part-financing for PCMC WTE Project through investment in the company's subsidiaries, AG Enviro and/or ALESPL	40.0
Reduction of the consolidated borrowings by infusing debt in the company's subsidiary - AG Enviro for repayment / prepayment of portion of their outstanding indebtedness	38.5
General corporate purposes	•
<b>Net Proceeds</b>	•

Source: Company Reports & SEBI

**Key Management Personnel**

Key Person	Designation	Description
Jose Jacob Kallarakal	Chairman and Managing Director	He holds a Bachelor's degree in Engineering (Mechanical) from Bharati Vidyapeeth's College of Engineering, University of Mumbai. He is majorly responsible for the business development initiatives for our Company. He has completed the Authentic Leader Development Course from Harvard Business School, Boston. He is one of the founders of the company and has been associated with the company since its inception. He has 19 years of experience in the field of waste management.
Shiju Jacob Kallarakal	Executive Director and CFO	He holds a Bachelor's degree in Engineering (Chemical) from Bharati Vidyapeeth's College of Engineering, University of Mumbai. He overlooks the accounting and finance along with the legal functions of the company. He is one of the founders of the company and has been associated with the company since its inception. He has 19 years of experience in the field of waste management.
Tarindar Singh	Chief Operating Officer	He holds a Master's degree in Physics from University of Pune with a merit rank six. He also holds PGD in Business Administration, from MSPI Delhi, Diploma in Export Import Management from IIEIM Mumbai and is a Graduate in Electronics from Pune University. He has 27 years of experience. Prior to joining the organisation, he has worked with various companies like Mahindra & Mahindra Limited, Steel Strips Wheels Limited, Reliance Infocomm Limited, Agility Logistics Private Limited, AMB Property Corporation, GatiKintetsu Express Private Limited, Robinsons Cargo & Logistics Private Limited.
Harshada Rane	CS and Compliance Officer	She holds a Bachelor's degree in Commerce from the University of Mumbai and is a member of the Institute of Company Secretaries of India. She has about four years of experience as a company secretary. Prior to joining the company, she was previously associated with Pradeep Purwar & Associates.
Shiju Antony Kallarakal	Whole-time Director (Antony Lara Enviro Solutions Pvt Ltd) (Material Susidiary)	He has over 18 years of experience in the automobile sector and more than six years in the waste management sector. Prior to joining Antony Lara Enviro Solutions Private Limited he was associated with Antony Motors Private Limited and Antony Garages Private Limited.

Source: Company Reports

## Financial Statements

Figures in Rs Cr	FY18	FY19	FY20	Figures in Rs Cr	FY18	FY19	FY20
<b>Income Statement</b>				<b>Per share data &amp; Yield</b>			
Revenue from Operations	276.1	283.7	450.5	Adjusted EPS (Rs)	10.4	9.7	14.9
<i>YoY Growth</i>		<i>2.7</i>	<i>58.8</i>	Adjusted Cash EPS (Rs)	14.9	16.2	23.5
Raw Material Cost	2.9	3.8	1.1	Adjusted BVPS (Rs)	42.4	53.1	74.4
<i>YoY Growth</i>		<i>29.1</i>	<i>-71.3</i>	CFO per share (Rs)	12.7	10.8	33.8
Project Expenses	33.3	28.0	38.0	CFO Yield (%)	4.0	3.4	10.7
<i>YoY Growth</i>		<i>-16.0</i>	<i>35.4</i>	FCF per share (Rs)	8.2	-16.5	-17.0
<b>Gross Profit</b>	<b>239.9</b>	<b>251.9</b>	<b>411.5</b>	FCF Yield (%)	2.6	-5.2	-5.4
<i>Margin</i>	<i>86.9</i>	<i>88.8</i>	<i>91.3</i>	<b>Solvency Ratio (X)</b>			
Employee Cost	64.0	66.3	114.9	Total Debt to Equity	0.9	0.9	0.8
<i>YoY Growth</i>		<i>3.7</i>	<i>73.2</i>	Net Debt to Equity	0.6	0.8	0.7
Other Expenses	106.2	109.4	171.1	Net Debt to EBITDA	1.1	1.5	1.1
<i>YoY Growth</i>		<i>3.0</i>	<i>56.3</i>	Interest Coverage	2.5	2.3	3.3
<b>EBITDA</b>	<b>69.7</b>	<b>76.2</b>	<b>125.6</b>	Debt Service Coverage	0.6	0.6	0.7
<i>Margin</i>	<i>25.3</i>	<i>26.9</i>	<i>27.9</i>	<b>Return Ratios (%)</b>			
Depreciation & Amortization	12.7	18.3	24.2	Return on Equity	24.5	18.2	20.1
<i>D&amp;A to Gross Block</i>	<i>16.5</i>	<i>17.6</i>	<i>12.1</i>	Return on Capital Employed	20.2	14.7	20.1
<b>EBIT</b>	<b>57.0</b>	<b>57.8</b>	<b>101.3</b>	Return on Invested Capital	23.6	15.9	22.2
<i>Margin</i>	<i>20.7</i>	<i>20.4</i>	<i>22.5</i>	<b>Working Capital Ratio</b>			
Other Income	14.6	14.8	14.1	Receivable Days	59	72	70
Finance Cost	22.9	25.0	30.2	Inventory Days	0	0	0
<b>PBT</b>	<b>48.8</b>	<b>47.7</b>	<b>85.2</b>	Gross Working Capital Days	59	72	70
<i>Margin</i>	<i>17.7</i>	<i>16.8</i>	<i>18.9</i>	Payable Days	42	47	44
Reported Tax	8.9	13.0	19.9	Net Working Capital Days	17	25	26
<i>Tax Rate</i>	<i>18.2</i>	<i>27.3</i>	<i>23.3</i>	Net Working Capital to Sales (%)	4.6	6.9	7.1
<b>PAT</b>	<b>39.9</b>	<b>34.7</b>	<b>65.3</b>	<b>Valuation (X)</b>			
<i>Margin</i>	<i>14.4</i>	<i>12.2</i>	<i>14.5</i>	P/E	30.3	32.5	21.1
Share of Assoc & Minority Int	-10.5	-7.3	-23.0	P/BV	7.4	5.9	4.2
<b>Net Profit</b>	<b>29.4</b>	<b>27.4</b>	<b>42.3</b>	EV/EBITDA	13.9	13.2	8.2
<i>Margin</i>	<i>10.6</i>	<i>9.7</i>	<i>9.4</i>	EV/Sales	3.5	3.5	2.3
<b>Balance Sheet</b>				<b>Cash Flow Statement</b>			
Share Capital	1.3	7.2	12.8	Profit Before Tax	48.8	47.7	82.0
Total Reserves	118.8	143.2	197.7	Adjustments	25.6	34.7	54.2
<b>Shareholders' Fund</b>	<b>120.1</b>	<b>150.4</b>	<b>210.5</b>	Change in Working Capital	-29.8	-37.6	-19.5
Non Controlling Interest	49.1	56.3	76.1	Less: Tax Paid	-8.5	-14.1	-20.9
LT Borrowings	80.6	105.5	145.1	<b>Cash Flow from Operations</b>	<b>36.1</b>	<b>30.7</b>	<b>95.8</b>
Other LT Financial Liabilities	2.0	2.2	3.0	Net Capital Expenditure	4.1	-62.2	-107.4
LT Provisions	21.3	30.3	43.7	Change in investments	-1.0	-4.4	-10.3
Deferred Tax Liabilities	8.4	11.6	13.2	Add: Interest Income	11.0	12.9	13.9
<b>Total Liabilities</b>	<b>281.5</b>	<b>356.3</b>	<b>491.6</b>	<b>Cash Flow from Investing</b>	<b>14.1</b>	<b>-53.7</b>	<b>-103.7</b>
Gross Block	76.8	103.9	200.3	IPO related expenditure	0.0	0.0	-6.4
Less: Acc Depreciation	36.8	46.3	62.5	Net change in borrowings	-10.1	33.9	42.5
<b>Net Block</b>	<b>40.0</b>	<b>57.6</b>	<b>137.9</b>	Less: Finance Cost	-18.4	-19.3	-23.9
Right of Use Assets	1.5	3.0	2.3	Less: Payment on Lease Liability	-0.1	-0.8	-1.1
Capital WIP	0.0	15.1	0.6	Less: Dividends Paid	-3.1	-5.6	0.0
Intangible Assets	0.0	105.0	118.7	Change in other financial liabilities	2.3	2.9	2.8
Intangible Assets WIP	105.6	8.2	13.9	<b>Cash Flow from Financing</b>	<b>-29.5</b>	<b>11.1</b>	<b>13.9</b>
LT Loans & Advances	30.3	35.2	30.1	<b>Net Cash Flow</b>	<b>20.6</b>	<b>-11.9</b>	<b>5.9</b>
Other LT Financial Assets	119.0	150.6	137.9	Opening Balance of Cash	10.9	31.5	19.6
Deferred Tax Assets	6.4	9.2	8.6	<b>Closing Balance of Cash</b>	<b>31.5</b>	<b>19.6</b>	<b>25.5</b>
Income Tax Assets	5.8	7.3	10.5				
Other LT Assets	6.1	9.7	1.9				
Net Current Assets	-33.2	-44.7	29.2				
<b>Total Assets</b>	<b>281.5</b>	<b>356.3</b>	<b>491.6</b>				

Source: Company Reports & Ventura Research

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