



IPO Snapshot – Antony Waste Handling Cell Limited

19-December-2020

Issue Snapshot:

Issue Open: Dec 21 – Dec 23, 2020

Price Band: Rs. 313 – 315

Issue Size: 9,523,345 eq shares
(Fresh issue 2,698,413* + Offer for sale of 6,824,933 eq sh)

Issue Size: Rs. 298.1 -300.0 cr

Reservation for:

QIB upto 50% eq sh

Non Institutional atleast 15% eq sh

Retail atleast 35% eq sh

Face Value: Rs 5

Book value: Rs 89.87 (Sep 30, 2020)

Bid size: - 47 equity shares and in multiples thereof

100% Book built Issue

Capital Structure:

Pre Issue Equity: Rs. 12.79 cr

Post issue Equity: Rs. 14.14 cr

Listing: BSE & NSE

Book Running Lead Manager: Equirus Capital Private Limited, IIFL Securities Limited

Registrar to issue: Link Intime India Private Limited

Shareholding Pattern

Shareholding Pattern	Pre issue %	Post issue %
Promoter and Promoter Group	51.1	46.2
Public & Employee	48.9	53.8
Total	100.0	100.0

Source for this Note: RHP

* = assuming pricing at higher end of band

Background & Operations:

Antony Waste Handling Cell Ltd (AWHCL) is one of the top five players in the Indian MSW(Municipal Solid Waste) management industry with an established track record of more than 19 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. It is among the select few who have pioneered in MSW collection and transportation sector. It is among the key players in landfill construction and management sector with in-house expertise for landfill construction along with its management. It is also present in the emerging waste management area in India which is MSW based WTE.

AWHCL 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 itself and/or its Subsidiaries. Having undertaken more than 25 projects as of November 15, 2020, of which 18 are ongoing, it has demonstrated its track-record as a comprehensive service provider equipped with the resources to handle large-scale projects for municipalities as well as private players. AWHCL portfolio of 18 ongoing projects as on November 15, 2020, comprised 12 MSW C&T projects, two MSW processing (including WTE) project and four mechanized sweeping projects. All the 18 ongoing projects has started generating revenue.

AWHCL is 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). It is also currently undertaking a project for Jaypee International Sports. In the past, it has 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).

As of November 15, 2020, AWHCL had processed approximately 7.63 million metric tons of waste at its Kanjurmarg site since Fiscal 2010 and processed approximately 1 million metric tons of waste during the current Fiscal. Further, as on November 15, 2020, its 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 0.97 MW with the electricity produced being used for internal consumption. AWHCL is a part of the 'Antony' group which has diversified business interests, including in the automotive body-building and ancillary industries

For Fiscals 2018, 2019 and 2020 and for the six month period ended September 30, 2020, as per the Restated Financial Statements, its total revenues from operations were Rs. 2,761.36 million, Rs. 2,836.89 million, Rs. 4,505.10 million and Rs. 2,073.92 million, respectively. Its profit after tax for Fiscals 2018, 2019 and 2020 and for the six month period ended September 30, 2020, as per the Restated Financial Statements, were Rs. 398.84 million, Rs. 346.82 million, Rs. 620.76 million and Rs. 290.50 million, respectively. Its return on net worth for Fiscals 2018, 2019 and 2020 and for the six month period ended September 30, 2020 was 24.48%, 18.24%, 20.09% and 8.54% respectively.

Objects of Issue:

The issue comprises of the Fresh Issue and the Offer for Sale.

Offer for Sale

Each of the Selling Shareholders will be entitled to its respective portion of the proceeds of the Offer for Sale, in proportion to the Equity Shares offered by each such Selling Shareholder, after deducting its proportion of Issue related expenses. AWHCL will not receive any proceeds from the Offer for Sale and the proceeds received from the Offer for Sale will not form part of the Net Proceeds.

Fresh Issue

AWHCL proposes to utilise the Net Proceeds towards funding the following objects:

- Part-financing for PCMC WTE Project through investment in Subsidiaries, AG Enviro and/or ALESPL
- Reduction of consolidated borrowings of AWHCL and Subsidiaries by infusing debt in its Subsidiary -
- AG Enviro for repayment / prepayment of portion of their outstanding indebtedness; and
- General corporate purposes

Competitive Strengths

- A leading service provider in MSW management sector with end-to-end capabilities.
- Strong track record of project execution.
- Diversified business model.
- Access to technology backed vehicles and equipment enables to manage operations efficiently.
- Experienced Promoters and management team with strong domain expertise.

Business Strategy:

- 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 its geographical footprint.
- Moving up the MSW value chain by diversifying into the emerging waste management areas.
- Continue to focus on enhancing operational efficiency.

Key Concerns:

- AWHCL is dependent on municipal authorities for a substantial proportion of its 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 its business, financial condition, and results of operations.
- MSW projects are typically awarded to AWHCL on satisfaction of prescribed pre-qualification criteria and following a competitive bidding process. Its business and its financial condition may be adversely affected if new MSW projects are not awarded to it.
- Operates in limited geographies for a significant portion of revenue.
- Depend on a limited number of customers for a significant portion of revenue.
- Operates in an industry which may require to have high working capital.
- Operations include activities that could be hazardous to the health of AWHCL employees and other risks which could expose to material liabilities and increased expenses and negatively impact employee morale.
- Any increase in or occurrence of contingent liabilities may adversely affect financial condition.
- Inability to obtain, maintain or renew requisite statutory and regulatory permits and approvals for business operations could materially and adversely affect the business, prospects, results of operations and financial condition.
- AWHCL may not be able to collect receivables due from its customers, in a timely manner, or at all, which may adversely affect its business, financial condition, results of operations and prospects.
- Operates in a highly competitive business and increased competitive pressure may adversely affect its results of operations.
- Ability to negotiate the standard form of municipal contracts for projects may be limited and certain unusual or onerous provisions may be imposed on AWHCL, which may restrict its flexibility in undertaking business and thereby affect the efficient execution and profitability of its projects.
- AWHCL is exposed to significant cost variations on fixed-rate contracts.
- AWHCL is exposed to claims from inadequate performance and defects that may affect its projects and which may have an adverse effect on the business.
- AWHCL owns a large fleet of vehicles resulting in fixed costs to the Company. The increase in the age of its vehicles and an increase in the prices of new vehicles as well as the automobile spares may adversely affect the business and results of operations.
- If more stringent labour laws or other industry standards in India become applicable to AWHCL, its profitability may be adversely affected.
- Timely and successful completion of projects is dependent upon the performance of the obligations by clients or other related parties.
- AWHCL is subject to risks arising from interest rate fluctuations, which could adversely affect the business, financial condition and results of operations.

- The contracts in order book may be adjusted, cancelled or suspended by customers and, therefore its order book is not necessarily indicative of its future revenues or profit.
- A decline in economic growth or political instability nationally or internationally or changes in the Government in India could adversely affect the business.

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