

Antony Waste Handling Cell Ltd (AWHCL)
BUY
CMP
₹ 479.50
Target
₹600
Our price target of Rs. 630 offers upside of approximately 25% from current levels

Equity (₹ Cr)	14.19
FV (₹)	5
M. Cap (₹ Cr)	1360.90
52 Wk High (BSE)	579.10
52 Wk Low (BSE)	239.50
Book Value (₹ Cr)	188.24
P/B	2.55
TTM EPS (₹)	23.77
TTM P/E	20.17

Share Holding Pattern

	Sep-23	Dec-23
Promoters	46.23%	46.07%
FIIIs	13.77%	12.39%
DIIIs	6.10%	6.08%
Public	33.89%	35.26%
Others	0.00%	0.17%

Financials (₹ Cr)

	FY22	FY23	FY24E	FY25E
Revenue	666.8	876.6	870	1044
Growth (%)	39%	31%	-1%	20%
EBITDA	166.5	167.9	182.8	208.8
EBITDA Margin (%)	25%	19%	21%	20%
PAT	67.9	68.1	76.7	92.1
PAT Margin (%)	10.2%	7.8%	8.8%	8.8%
EPS (₹)	24.0	24.1	27.0	32.4

Price Chart

Investment Rationale

- **Experienced Management:** The promoters are well experienced in the core business. Experienced management providing able leadership to the company making it one of the leading players in the field of Solid Waste Management services in the country.

- **Robust Revenue Visibility:** AWHCL through its subsidiaries has entered into multi-year concession agreement with various Indian Municipal bodies. C&T projects are generally awarded for 7-10 years, while waste processing contracts have over 20 years concession period which provides strong future revenue visibility for next 5 years on the basis of AWHCL's existing contracts. The group enjoys revenue visibility under long term contracts with escalation clauses in the tipping fees by various entities.

- **Barriers to Entry:** The company has a clear moat as it is difficult for any new player to enter this field owing to stringent bidding process of all municipal corporations requiring the operators to have a proven track record and execution capabilities. This has directly created strong barriers to entry for AWHCL and few qualified players in the industry. AWHCL has an established track record of almost two decades with a good scale of operations with diversified geographic presence.

- **Budget allocation:** In the Budget 2023-24, F. M. Nirmala Sitharaman allocated ₹7,192 cr for the Swachh Bharat Mission (Gramin) against the Revised Estimate of ₹5,000 cr in 2022-23. July 2024 budget would expectedly see higher allocation towards the same.

Outlook & Valuation: The segment falls under typical ESG practices and while ESG is not much of an interest that used to be, cleanliness lies at the heart of PM's focus and hence, is need of the hour. AWHCL has undoubtedly grown and added newer verticals for diversification of revenue and has different segments. The processing of the waste takes 6-7 years' time and hence the effectiveness of the scientific processing would be known only after completion of the said period. However, over years, company has scaled and clocked revenue/EBITDA/PAT CAGR of 30%/17%/28% between FY19 & FY23. EBITDA CAGR was less due to margin compression which jumped significantly from 2.5% in FY21 to 17.9% in FY23. However, the company has also garnered higher projects as more municipal corporations came under its kitty. Thus, the path to inorganic growth is strong and the company has some barriers to entry, in terms of the execution it has already proved itself. Besides, it also generates renewable energy from waste and sale of surplus energy could lead to additional ~Rs 50-60 crore revenue in immediate future. At the CMP, the scrip trades at 20.17x TTM EPS and 14.8x FY25E EPS.

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