



KEY HIGHLIGHTS

1. RESULTS OVERVIEW:

- Q2FY25 consolidated revenues came in at ₹221 Cr, down -1.35% YoY and down -2.64% QoQ.
- Op Profit for Q2FY25 stood at ₹43 Cr, down -15.69% YoY and down -12.24% QoQ.
- Op margins for Q2FY25 came at 19.46%, -331 bps YoY and -213 bps QoQ.
- PAT for Q2FY25 stood at ₹15 Cr, down -53.13% YoY and down -28.57% QoQ.

2. MANAGEMENT COMMENTARY:

- The growth was impacted by the absence of a one-time lump sum escalation receipt of ₹13 crores recorded in the previous year.
- Substantial investments in the Construction & Demolition (C&D) business are anticipated to enhance profit margins.
- The C&D waste management site has begun operations, delivering encouraging initial outcomes.
- The PCMC waste-to-energy facility achieved a plant load factor (PLF) of 71% in its first year, surpassing the industry average of 60%.
- Generated over 22 million green units in Q2 FY '25, successfully offsetting 3,485 tons of CO2 equivalents.
- C&D operations were affected by the monsoon season, with plans underway to scale up activities in the second half of the year.

3. CONCALL SUMMARY

- The management projects a top-line growth of 15% to 16% for the second half of FY '25.
- The management upholds its guidance for EBITDA margins at 22% to 23% for FY '25 and anticipates a 25% CAGR growth in core revenue over the next 3 to 5 years.
- Plans are underway to develop a large waste-to-energy project at the Kanjur facility, with a target capacity of 3,000 tons per day.
- Land has been identified for a vehicle scrapping facility to diversify operations and mitigate project risks.
- The management demonstrates strong confidence in operational efficiency, long-term growth prospects, and a firm commitment to sustainability.
- The revenue distribution is shifting towards a higher proportion of processing revenue, which accounted for 26% in Q2 FY '25, compared to previous periods.

4. Recent DEVELOPMENTS:

- 1,980 equity shares of face value of ₹5 each at an exercise price of ₹170 each amounting to ₹ 3,36,600 has been exercised by the eligible employees under AWHCL Employee Stock Option Plan 2022.

5. VALUATION AND OUTLOOK:

- Antony waste is one of the leading Municipal solid wastes (MSW) management companies in India. Its rich experience and expertise in this field, fully integrated operations, strong order book, and a healthy balance sheet makes us positive on the company.
- The company is trading at 15.3 times its FY26E earnings which we believe is quite attractive
- We value the company at 18 times its FY26E EPS of 41, to arrive at a target price of 738 implying an upside of 18%.

RECOMMENDATION - BUY

CMP – 626

TARGET – 738 (18%)

Industry	MSW Management
NSE CODE	AWHCL
BSE CODE	543254
Market Cap (₹ Cr)	1883.72
Shares Outstanding (in Cr)	2.84
52 wk High/Low (₹)	902 / 407.95
P/E	25.4
P/BV	2.99
Face Value (₹)	5.00
Book Value (₹)	212.48
EPS (FY24) (₹)	30.40
Dividend Yield (%)	0.00
Debt / Equity	0.72

SHAREHOLDING PATTERN

	Mar 24	June 24	Sep 2024
Promoters	46.07%	46.07%	46.07%
MF/ DII	6.61%	5.14%	4.01%
FII/FPI	11.94%	10.79%	11.36%
Retail & Others	35.38%	38.00%	38.56%
Promoter Pledging	0.34%	0.34%	0.34%

FINANCIAL SNAPSHOT (₹ Cr)

Y/E March	2024A	2025E	2026E
Core			
Sales	873	950	1,170
Sales Gr. (%)	2.2%	8.8%	23.2%
EBITDA	178	204	270
EBITDA %	20.4%	21.5%	23.1%
PAT	86	76	118
EPS (₹)	30	27	41
EPS Gr. (%)	24.6%	-11.2%	54.3%
Ratios			
RoE (%)	18.9%	17.3%	20.9%
RoCE (%)	16.3%	14.8%	17.5%
Valuation			
P/E (x)	20.9	23.2	15.3

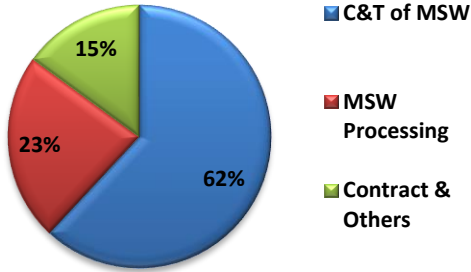
Historical & Industrial Val Ratios

Historical P/E	15.7
Industry P/E	25.5
Historical P/B	2.4
Industry P/B	6.15

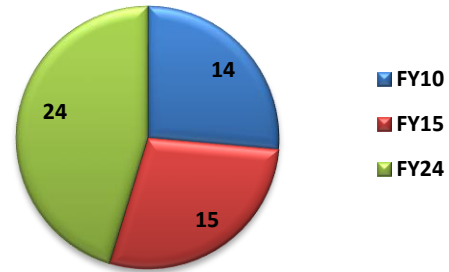


Business Mix and Projects (FY24)

% Revenue Contribution (FY24)



Number of Projects



QUARTERLY PERFORMANCE (CONSOLIDATED)

(₹ Cr)

Y/E March	FY23		FY24				FY25			FY24	FY25E*
	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3FY25E*			
Net sales	202	222	224	217	210	227	221	250	873	950	
YoY change (%)	7.2%	-5.6%	12.2%	-0.2%	4.2%	2.2%	-1.4%	15.2%	2.2%	8.8%	
Total Expenditures	169	175	173	173	174	178	179	196	695	746	
EBITDA	32	47	51	44	36	49	43	54	178	204	
Margins (%)	16%	21%	23%	20%	17%	22%	19%	21.5%	20.4%	21.5%	
Other income	7	5	5	6	7	6	6	6	24	25	
Interest	9	7	7	11	14	13	12	12	40	48	
Depreciation	13	11	11	15	16	17	17	18	53	70	
PBT	18	35	38	23	13	26	19	30	109	111	
Rate (%)	31%	35%	18%	33%	-134%	17%	20%	20%	8%	20%	
Adjusted PAT	12	23	32	16	30	21	15	24	86	76	
EPS in Rs	3.38	6.46	9.77	4.51	9.69	6.17	4.26	6.81	30	27	

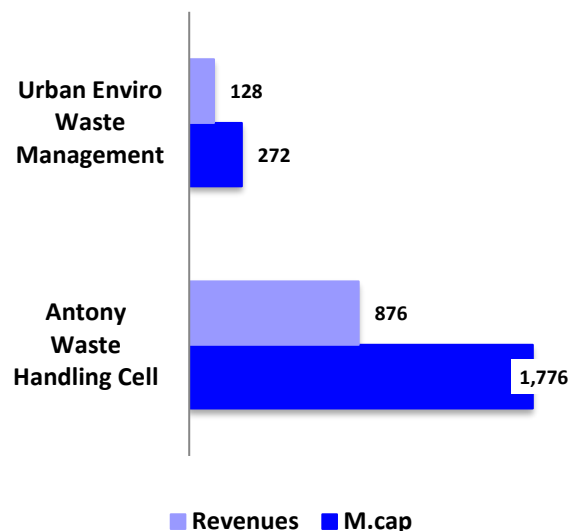
Source: Company, Hem Securities Research.



INDUSTRY OVERVIEW

- India generates significant MSW daily, with urban areas contributing heavily due to rapid urbanization.
- Government initiatives like Swachh Bharat Mission promote efficient waste management and landfill reduction.
- A large portion of MSW remains unprocessed, with only a fraction scientifically managed.
- Landfilling is still the predominant disposal method, often leading to environmental hazards and land shortages.
- Waste-to-energy (WTE) plants are being established but face challenges related to waste quality and financial viability.
- The MSW management market is dominated by a few large players who control a significant portion of the industry, alongside numerous participants in the unorganized sector.
- Increasing urbanization is creating a higher demand for organized MSW management systems.
- The C&D waste sector is expanding, focusing on recycling aggregates for construction use.
- Scrap tyre recycling includes pyrolysis and crumb rubber production, addressing environmental concerns.
- Vehicle scrapping is gaining momentum with the Vehicle Scrappage Policy promoting organized recycling.
- Private sector participation in waste management and recycling is increasing through partnerships and ventures.

KEY PLAYERS in MSW Management Industry



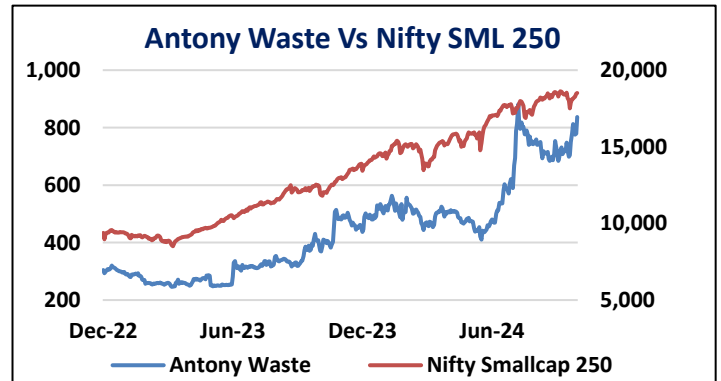
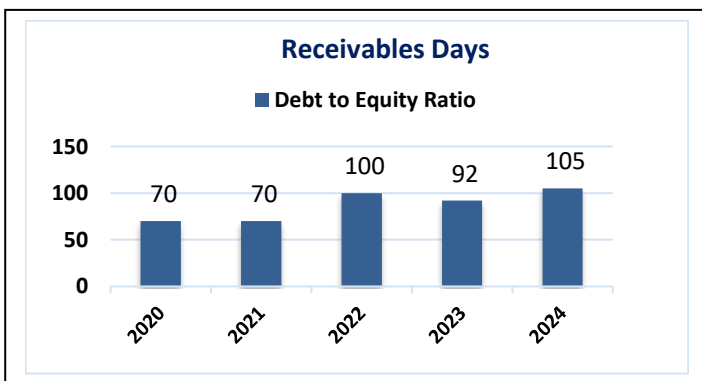
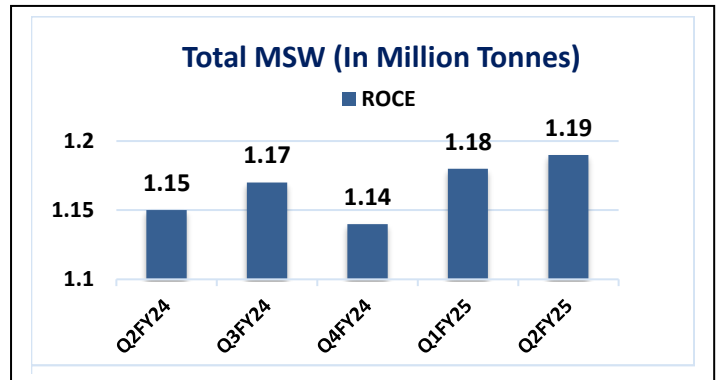
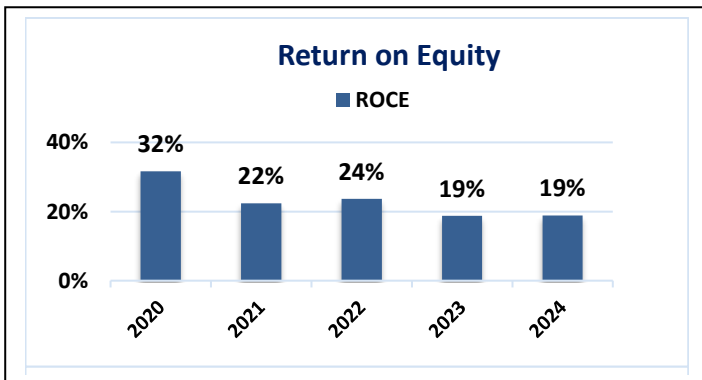
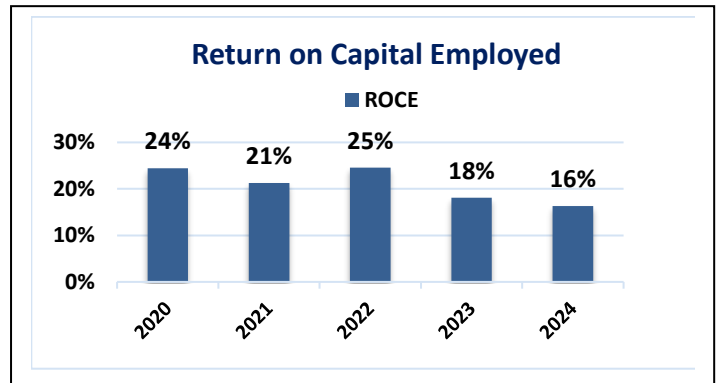
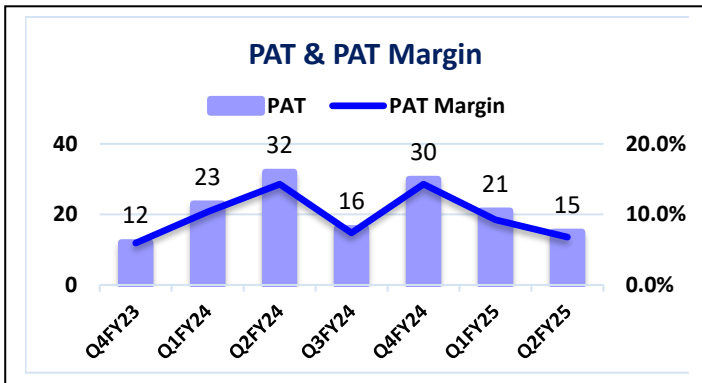
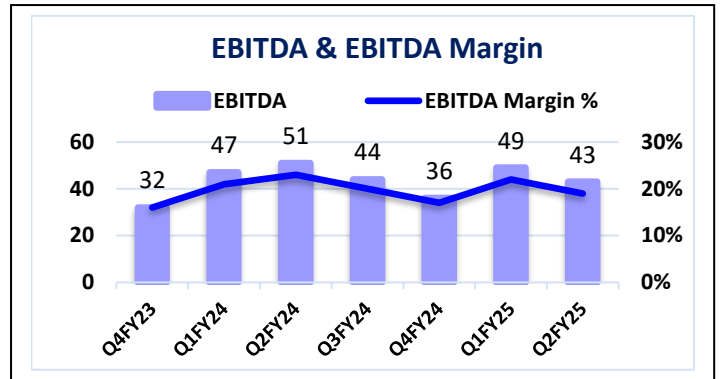
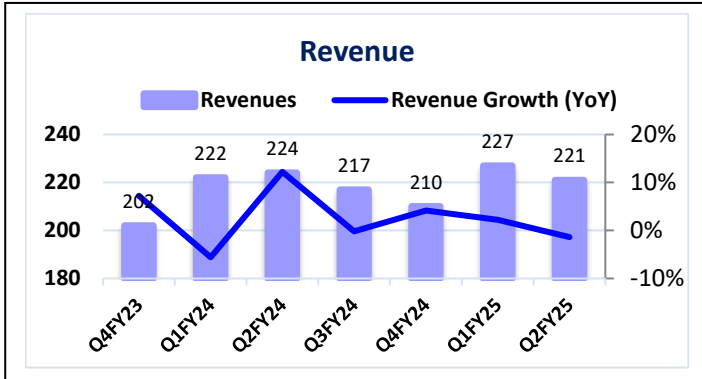
PEER PERFORMANCE

(₹ Cr)

Particulars	Antony Waste Handling Cell	Urban Enviro Waste Management
Market Cap	1,776	272
Net Sales	876	128
EBITDA	172	24
PAT	82	11
EPS(₹)	24.63	24.66
EBITDA MARGIN %	20%	19%
PAT MARGIN %	9.36%	8.59%
ROCE %	14%	30%
ROE %	16%	52%
P/E TTM	25.9	26.0
P/B TTM	3.00	9.50
EV/EBITDA	10.9	12.2
Dividend Yield %	0.0%	0.08%
M Cap/ Sales TTM	2.07	2.17

Source: Company, Hem Securities Research.

STORY IN CHARTS





INVESTMENT RATIONALE:

- Antony waste is one of the top two players in the Indian Municipal solid waste (MSW) management. The Company offers a wide range of MSW services, mostly to the Indian municipal corporations, including services for the collection, transportation, processing and disposal of solid waste across the country.
- The Company has over two decades of operational excellence and has worked on more than 35 completed and ongoing projects.
- The Company also operates the largest waste processing facility in Asia, located in Kanjurmarg, Mumbai, where approximately 5,800 tonnes of waste are processed daily.
- Total addressable Market for Processing is 4,500 cr. C&T and WTE market is even bigger. Company is also trying to expand into Vehicle and tyre scrapping market which is 8,000 cr market.
- Company has an order book of ~9,000 cr and aims to grow its core revenue at 25% CAGR for the next 3-5 years.
- Antony waste is one of the leading Municipal solid wastes (MSW) management companies in India. Its rich experience and expertise in this field, fully integrated operations, strong order book, and a healthy balance sheet makes us positive on the company.
- The company is trading at 15.3 times its FY26E earnings which we believe is quite attractive

RISK / NEGATIVE FACTORS:

- Any changes in waste management or environmental regulations could impact the company's operations and profitability.
- A significant portion of revenue depends on municipal contracts, which may be subject to delays or changes in government policies.
- The growing waste management market in India could lead to increased competition, affecting market share and margins.
- Managing large-scale projects like Waste-to-Energy and C&D waste recycling involves complex logistics, which may lead to operational inefficiencies.
- Economic slowdowns can affect public spending on infrastructure projects, reducing the demand for waste management services such as C&D waste.

COMPANY RECAP

- Antony Waste Handling Cell is a prominent name in India's waste management sector, offering comprehensive solutions.
- The company specializes in Municipal Solid Waste (MSW) collection, transportation, processing, and disposal.
- It is among the early adopters of Waste-to-Energy (WTE) projects and construction and demolition (C&D) waste management.
- Operations include managing waste processing facilities, material recovery units, and bio-methanation plants.
- The company serves multiple cities across India, catering to municipal bodies and industrial clients.
- Revenue sources are diversified, encompassing tipping fees, processing income, and sales of recycled materials.
- Emphasizes eco-friendly practices through composting, recycling, and renewable energy generation.
- Actively expanding its portfolio with initiatives like vehicle scrapping and large-scale WTE projects.
- Positioned to capitalize on government initiatives and the increasing urban need for efficient waste management.
- Actively pursuing opportunities in decentralized waste processing plants to reduce transportation costs and improve local efficiency.
- Promoting a circular economy approach by converting waste into useful by-products like compost, energy, and recycled materials.



ANNUAL PERFORMANCE

Financials & Valuations

Income Statement							(₹ Cr)	
Y/E March	2020	2021	2022	2023	2024	2025E	2026E	
Revenue from operations	451	465	648	854	873	950	1170	
Growth YoY (%)	58.8%	3.1%	39.4%	31.8%	2.2%	8.8%	23.2%	
Total Expenditure	325	350	500	706	695	746	900	
(%) of sales	72.1%	75.3%	77.2%	82.7%	79.6%	78.5%	76.9%	
EBITDA	126	115	148	148	178	204	270	
EBITDA Growth (%)	65.8%	-8.7%	28.7%	0.0%	20.3%	14.6%	32.4%	
EBITDA Margin (%)	27.9%	24.7%	22.8%	17.3%	20.4%	21.5%	23.1%	
Depreciation	24	31	33	39	53	70	70	
EBIT	102	84	115	109	125	134	200	
EBIT Growth (%)	75.9%	-17.6%	36.9%	-5.2%	14.7%	7.2%	49.3%	
Net Interest Expenses	30	28	20	27	40	48	48	
Other Income	-4	16	18	20	24	25	31	
Earnings before Taxes	68	72	113	102	109	111	183	
EBT Margin (%)	15.1%	15.5%	17.4%	11.9%	12.5%	11.7%	15.6%	
Tax-Total	21	8	23	17	9	22	46	
Rate of tax (%)	31%	11%	20%	17%	8%	20%	25%	
Net Profit	47	64	90	85	100	89	137	
PAT Growth (%)	34.3%	36.2%	40.6%	-5.6%	17.6%	-11.2%	54.3%	
PAT Margin (%)	10.4%	13.8%	13.9%	10.0%	11.5%	9.3%	11.7%	
Minority Interest	-20	-19	-23	-16	-14	-12	-19	
Adjusted PAT	27	45	67	69	86	76	118	
EPS	10	16	24	24	30	27	41	
EPS Growth (%)	-3.6%	66.7%	48.9%	3.0%	24.6%	-11.2%	54.3%	

Balance Sheet

Y/E March	2020	2021	2022	2023	2024
Equity Capital	13	14	14	14	14
Reserves	211	334	403	472	560
Borrowings	209	154	175	355	447
Other Liabilities	243	279	352	397	429
Total Liabilities & Equity	677	781	944	1,238	1,450
Fixed Assets	259	253	238	309	662
CWIP	14	6	61	250	41
Investments	0	0	0	0	0
Other Assets	404	521	645	680	747
Total Assets	677	781	944	1,238	1,450

Source: Company, Hem Securities Research.



Ratios					
Y/E March (Basic (INR))	2020	2021	2022	2023	2024
Profitability and return ratios					
Net profit margin (%)	10.5%	13.8%	13.9%	9.9%	11.4%
EBITDA margin (%)	31.0%	28.0%	25.7%	19.7%	23.1%
EBIT margin (%)	21.6%	21.3%	20.5%	15.1%	17.0%
ROE (%)	31.6%	22.4%	23.7%	18.8%	18.9%
ROCE (%)	24.4%	21.3%	24.6%	18.1%	16.3%
Working Capital & liquidity ratios					
Inventory (Days)	0.08	0.08	0.06	0.05	0
Receivables (Days)	57.29	68.81	75.37	84.32	97.93
Current Ratio (x)	1.15	1.59	1.44	1.31	1.3
Valuations Ratios					
EV/sales (x)	NA	1.53	1.26	1.15	1.88
EV/EBITDA (x)	NA	5.46	4.9	5.84	8.11
P/E (x)	NA	15.32	10.86	10.3	15.18
P/BV (x)	NA	1.98	1.77	1.44	2.28
Dividend Yield (%)	0.00	0.00	0.00	0.00	0.00
Leverage Ratio					
Debt/Equity (x)	0.28	0.22	0.23	0.5	0.32

Cash Flow Statement					
Y/E March	2020	2021	2022	2023	2024
CF from Operating activities (A)	108	112	105	90	140
CF from Investing Activities (B)	-116	-33	-140	-260	-152
CF from Financing Activities (C)	14	-4	5	149	35
Net Cash Flow	6	75	-30	-22	22
Add: Opening Bal.	20	25	101	71	49
Closing Balance	25	101	71	49	71

Source: Company, Hem Securities Research.



RATING CRITERIA

INVESTMENT RATING	EXPECTED RETURN
BUY	>=15%
ACCUMULATE	5% to 15%
HOLD	0 to 5%
REDUCE	-5% to 0
SELL	<-5%

RECOMMENDATION SUMMARY

DATE	RATING	TARGET
23 December 2024	Buy	738

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