Antony Waste Handling Cell Limited
(formerly known as Antony Waste Handling Cell Private Limited)
CIN: U90001MH2001PLC130485
1402/03/04, 14th Floor, Dev Corpora,
Opp. Cadbury Company, Eastern Express
Highway, Thane (west) – 400601
Phone: 022 – 4100 8240/9295
www.antony-waste.com | www.antonylara.com | www.antonyasia.com

Ref.: AW/SEC/NSE/2021-22/30 **Date: July 20, 2021**

To,
Listing Department
National Stock Exchange of India Limited
Exchange Plaza, 5th Floor,
Plot No.C-1, Block G, Bandra-Kurla Complex,
Bandra (E), Mumbai 400 051

Dear Sir(s),

Sub. : Intimation under Regulation 30 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("SEBI LODR Regulations") – Material Subsidiary Update
Ref. : Script Code – AWHCL

Pursuant to Regulation 30 of SEBI LODR Regulations read with SEBI Circular CIR/CFD/CMD/4/2015 dated September 09, 2015 and in terms of the policy for determination and disclosure of material event/information of the Company, we wish to inform that CRISIL Ratings Limited has rated instrument of Antony Lara Enviro Solutions Private Limited ("ALESPL"), material subsidiary company, as follows:

Total Bank Loan Facilities Rated	Rs. 58 Crore
Long Term Rating	CRISIL BBB+/Stable (Assigned)
Short Term Rating	CRISIL A2 (Assigned)

The Rating Rationale of CRISIL dated July 19, 2021 is enclosed herewith.

This is for your information and records please.

Thanking you,

Yours faithfully,
For and on behalf of
ANTONY WASTE HANDLING CELL LIMITED

Antony Waste Handling Cell Ltd.

HARSHADA RANE
COMPANY SECRETARY & COMPLIANCE OFFICER
ACS34268

Encl. a/a

Rating Rationale

July 19, 2021 | Mumbai

Antony Lara Enviro Solutions Private Limited

Rated amount enhanced

Rating Action

Total Bank Loan Facilities Rated	**Rs.58 Crore (Enhanced from Rs.10 Crore)**
Long Term Rating	**CRISIL BBB+/Stable (Reaffirmed)**
Short Term Rating	**CRISIL A2 (Assigned)**

1 crore = 10 million
Refer to Annexure for Details of Instruments & Bank Facilities

Detailed Rationale
CRISIL Ratings has assigned its '**CRISIL A2**' rating to the short-term bank facilities of Antony Lara Enviro Solutions Private Limited (ALESPL) and reaffirmed its 'CRISIL BBB+/Stable' rating on the long term bank facility.

CRISIL Ratings had earlier assigned its 'CRISIL BBB+/Stable' rating on the long-term bank facilities of ALESPL vide rating rationale dated June 30, 2021.

The ratings continue to reflect ALESPL's extensive industry experience of the promoters, long term revenue visibility supported by agreement with Municipal Corporation of Greater Mumbai (MCGM), moderate working capital cycle, adequate debt service coverage ratio (DSCR) coupled with escrow mechanism and adequate liquidity. These strengths are partially offset by vulnerability to adverse changes in government regulations and susceptibility of operating margins to variation in waste quantity and input costs.

Analytical Approach
CRISIL Ratings has factored in support that might be extended to ALESPL's 51% owned subsidiary – Antony Lara Renewable Energy Pvt Ltd (ALREPL) for its ongoing project and for timely repayment of debt obligations, as ALESPL has extended corporate guarantee for ALREPL's debt.

Key Rating Drivers & Detailed Description
Strengths:
* **Extensive industry experience of the promoters:** The promoters have an experience of more than two decades in waste management industry. This has given them an understanding of the dynamics of the market, and enabled them to establish relationships with various municipal corporation. Their industry understanding has helped them in successfully setting up a waste processing unit in ALESPL.

* **Long term revenue visibility supported by agreement with MCGM:** ALES has entered into service concession agreement for 25 years with MCGM, with assured minimum guarantee quantity of 3000 tonnes per day, along with increasing tipping fee for each year. This provides long term visibility for revenues and assured cash flows for the company.

* **Efficient working capital cycle:** Its efficient working capital management is reflected in its debtors of 18 days and inventory of 26 days. Billing to MCGM is done on monthly basis and payment received within 20-30 days. Furthermore, to meet its business requirement, it doesn't not need to hold large inventory. This leads to low dependence on bank debt.

* **Adequate DSCR coupled with escrow mechanism:** The average DSCR is likely to be greater than 2 times in the next three years as well as over the repayment tenor, considering minimum guarantee volumes. Also, an escrow mechanism ensures priority of term loan repayment.

Weaknesses:
* **Vulnerability of profitability to adverse changes in government regulations**: The waste management is governed by local municipal and is highly exposed to regulatory environment. Any adverse changes in municipal policies, expenditures or fund allocations may lead to impact on the cash flow and credit profile of ALESPL.

* **Susceptibility of operating margins to variation in waste quantity and input costs:** Operating margins have bene volatile in the past four fiscals in range of 45-58%, on account of fluctuations in waste received and input costs. For instance, margins decline in fiscal 2021 to 53% from 58% a year ago on account of lower average volumes processed. Further, unanticipated increase in input costs may also impact margins in future.

Liquidity: Adequate
Cash accrual are expected to be over Rs 60 crores which are sufficient/insufficient against term debt obligation of Rs 17-18 crores annually over the medium term. In addition, it will be act as cushion to the liquidity of the company. High cash and bank balance of around Rs. 57 crores as on March 31, 2021. CRISIL Ratings expects internal accruals and cash & cash equivalents to be sufficient to meet its repayment obligations as well as incremental working capital requirements.

Outlook: Stable
CRISIL Ratings believes ALES will continue to benefit from its assured cash flows and adequate DSCR over the medium term.

Rating Sensitivity factors
Upward factor
- Significant improvement in DSCRs of over 2.5 times, supported by substantially higher-than-anticipated cash flow
- Sustenance of operating profitability over 55%, and controlled working capital cycle.

Downward factor
- Any large debt funded project in ALESPL or higher than expected support given to subsidiary, impacts the financial profile
- Unanticipated delays in realization of debtors or sharp decline in operating margins, impacting DSCR below 1.5 times

About the Company
Incorporated in 2009, ALESPL, headquartered in Mumbai, is a joint venture between Antony Waste Handling Cell Limited (AWHCL) and Lara Central De Tratamento De Residuous De Ltda (Lara) wherein AWHCL holds 73% stake and Lara holds balance 27%.

ALESPL undertakes processing of municipal waste through an Integrated Solid Waste Management (ISWM) plant at Kanjurmarg, Mumbai with total capacity of around 7500 tonnes/day for which it has entered into concession agreement with MCGM till February 2036.

Key Financial Indicators

As on/for the period ended March 31	Unit	2021*	2020
Operating income	Rs.Crore	121.05	128.44
Reported profit after tax	Rs.Crore	51.91	52.09
PAT margins	%	42.9	40.6
Adjusted Debt/Adjusted Networth	Times	0.23	0.34
Interest coverage	Times	5.89	6.48

**Provisional*

Any other information: Not applicable

Note on complexity levels of the rated instrument:
CRISIL Ratings' complexity levels are assigned to various types of financial instruments. The CRISIL Ratings' complexity levels are available on www.crisil.com/complexity-levels. Users are advised to refer to the CRISIL Ratings' complexity levels for instruments that they consider for investment. Users may also call the Customer Service Helpdesk with queries on specific instruments.

Annexure - Details of Instrument(s)

ISIN	Name of instrument	Date of allotment	Coupon rate (%)	Maturity date	Issue size (Rs.Cr)	Complexity level	Rating assigned with outlook
NA	Bank Guarantee	NA	NA	NA	5	NA	CRISIL A2
NA	Overdraft Facility	NA	NA	NA	0.1	NA	CRISIL BBB+/Stable
NA	Proposed Term Loan	NA	NA	NA	0.88	NA	CRISIL BBB+/Stable
NA	Term Loan	NA	NA	Jun-2024	52.02	NA	CRISIL BBB+/Stable

Annexure - Rating History for last 3 Years

	Current			2021 (History)		2020		2019		2018		Start of 2018
Instrument	Type	Outstanding Amount	Rating	Date	Rating	Date	Rating	Date	Rating	Date	Rating	Rating
Fund Based Facilities	LT	53.0	CRISIL BBB+/Stable	30-06-21	CRISIL BBB+/Stable		--		--		--	--
Non-Fund Based Facilities	ST	5.0	CRISIL A2		--		--		--		--	--

All amounts are in Rs.Cr.

Annexure - Details of various bank facilities

Current facilities			Previous facilities		
Facility	Amount (Rs.Crore)	Rating	Facility	Amount (Rs.Crore)	Rating
Bank Guarantee	5	CRISIL A2	Term Loan	10	CRISIL BBB+/Stable
Overdraft Facility	0.1	CRISIL BBB+/Stable	-	-	-
Proposed Term Loan	0.88	CRISIL	-	-	-

		BBB+/Stable			
Term Loan	52.02	CRISIL BBB+/Stable	-	-	-
Total	58	-	Total	10	-

Criteria Details

Links to related criteria
CRISILs Approach to Financial Ratios
CRISILs Bank Loan Ratings - process, scale and default recognition
The Rating Process

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CRISIL Ratings pioneered the concept of credit rating in India in 1987. With a tradition of independence, analytical rigour and innovation, we set the standards in the credit rating business. We rate the entire range of debt instruments, such as, bank loans, certificates of deposit, commercial paper, non-convertible / convertible / partially convertible bonds and debentures, perpetual bonds, bank hybrid capital instruments, asset-backed and mortgage-backed securities, partial guarantees and other structured debt instruments. We have rated over 33,000 large and mid-scale corporates and financial institutions. We have also instituted several innovations in India in the rating business, including rating municipal bonds, partially guaranteed instruments and infrastructure investment trusts (InvITs).

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For more information, visit www.crisilratings.com

About CRISIL Limited

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