

Antony Waste Handling Cell Limited

March 29,2024

Facilities/Instruments	Amount (₹ crore)	Rating ¹	Rating Action
Long Term Bank Facilities	16.50	CARE BBB+; Stable	Reaffirmed
Short Term Bank Facilities	19.00	CARE A3+	Reaffirmed

Details of instruments/facilities in Annexure-1.

Rationale and key rating drivers

The reaffirmation of ratings assigned to the bank facilities of Antony Waste Handling Cell Limited (AWHCL) takes into continuous improvement in the operating performance of the company due to incremental and recurring contracts with government bodies. The ratings continue to factor in the experience of the promoters in the business of waste management, revenue visibility in the group on account of multi-year concession agreements entered into with various municipal corporations across India, diversified revenue streams from various business segments, healthy operating margins and stable outlook of the industry on account of increasing population and consumption leading to higher generation of municipal solid waste. The rating strengths however are tempered by susceptibility of profitability margins to variation in waste quantity and input costs, stretched receivables from waste C&T (collection & transportation) segment due to delay in recovery from municipal authorities and ongoing litigations, changes in Government rules and regulations which may affect the operations of the company.

Rating sensitivities: Factors likely to lead to rating actions

Positive factors

- Increase in scale of operations to above Rs. 900 crores with PBILDT margin of 22% on sustained basis
- Improvement in overall gearing below 0.5 times (on consolidated level) and TD/GCA below 2.5 times on sustained basis
- Improvement in collection period to 90 days or less on a sustained basis

Negative factors

- Decline scale of operations to above Rs. 600 crore with PBILDT margin of 18% on sustained basis
- Any significant debt-funded capex undertaken by the company resulting in Overall Gearing of more than 1x in the medium term (on consolidated level) and TD/GCA above 3 times
- Further stretch in the collection period to more than 120 days

Analytical approach: Consolidated

CARE Ratings has considered consolidated financials including all its subsidiaries since they are in the similar line of business and are under the same management. The list of companies considered in consolidation along with their holdings by AWHCL as on March 31, 2023, is provided in Annexure 6.

Outlook: Stable

The stable outlook reflects CARE Ratings' view that the company is likely to maintain steady growth in its sales volume while continuing its current financial risk profile

Detailed description of the key rating drivers:

Key strengths

Experience of the promoters in the business of waste management

AWHCL, promoted by Jose Jacob, Shiju Jacob, and Shiju Antony is one of the leading players in the field of Solid Waste Management services in the country. The promoters have vast experience in the waste management industry. The group has established track record for undertaking waste management services for more than two decades. The activities carried out by the group include collection and transportation (C&T) of MSW, Mechanized Primary collection of MSW, Mechanized Road sweeping, Waste Processing, Engineering Sanitary Landfills, trading of Compactors, Dumpers etc. for carrying MSW etc.

¹Complete definition of the ratings assigned are available at www.careedge.in and other CARE Ratings Ltd.'s publications

Revenue visibility on account of multi-year concession agreements from various business segments

AWHCL through its subsidiaries has entered into multi-year concession agreement with various Municipal bodies across India. Once the concession agreement ends, the company re-bids for the project; and the contract is awarded by the municipalities if the company meets bidding criteria, performance evaluation of previous contracts etc. C&T projects are generally awarded for a period of 7-10 years, while waste processing contracts has a concession period of over 20 years which provides future revenue visibility to tune of around ₹700 crore annually (on consolidated level) over the next five years on account of the existing contracts won by the company over the past few years. Furthermore, the company also has bio-reactor landfills (BLF) and material recovery facility (MRF) facility in Kanjurmarg, Mumbai under Antony Lara Enviro Solutions Private Limited (ALESPL) with concession agreement till 2036. Thus, the group has revenue visibility under long-term contracts with escalation clauses in the tipping fees by various entities. In FY23 the revenue increased to Rs 854.09 crores from 648.16 crores in FY22 i.e a 32% growth in revenue. The growth in the TOI was on account of increase in revenue from Collection and transportation of municipal solid waste and income from tipping fees. During 9MFY24, AWHCL reported revenue of Rs 622 crore (9MFY23: Rs 652 crore). The projected revenue for AWHCL is projected to improve as "Collection, Transportation, Processing, and Disposal of Construction & Demolition (C&D) Waste in Mumbai City" will be operational by May 2024 leading to incremental revenue of ~Rs 35 crores per year for the next 20 years. Further the Waste to energy plant is now operational which will lead to additional revenue of ~Rs 40 crores per year from FY25 for next 21 years.

Diversified revenue streams

Since the group is a complete Waste management solutions provider, it provides a range of services that include, collection and transportation (C&T) of MSW, Mechanized Primary collection of MSW, Mechanized Road sweeping, Waste Processing, Engineering Sanitary Landfills, trading of Compactors, Dumpers etc. for carrying MSW, Bio-reactor landfill facility, etc. having contracts with various municipal bodies across India. The company also derives revenue from waste to energy plant and bio-mining which further diversifies the its revenue streams.

Healthy operating margins on account of lower maintenance costs

The Antony Waste group is earning healthy operational margins in in C&T and mechanical sweeping segment, wherein major operational costs are employee costs, power and fuel, repairs and maintenance of vehicles. It also earns high operational margins in case of waste processing, segregation and bio-reactor landfilling activities. The operating costs of the company primarily comprise of power and fuel cost, employee costs and hire charges. The power cost is also reduced to some extent since the company produces power from 0.95 MW waste-to-energy power plant which is a part of its waste processing unit situated in Kanjurmarg, Mumbai and uses the same for captive consumption.

Key weaknesses**Operating margins exposed to variation in waste quantity and input cost**

PBILD margins have remained volatile on account of fluctuations in waste received and input costs. Furthermore, unanticipated increase in input costs may also impact margins in future.

Exposure to receivables from municipal authorities with track record of delayed payments

There are delays observed in recovery of outstanding amount from some of the municipal corporations. The delays are typically caused by various budgetary constraints, straitjacketed rules and bureaucratic procedures that the government departments work under including budget squeeze, disputes etc. As on March 31,2023 the total receivables was Rs 256.10 crores of which ~Rs 105 crores has been outstanding for more than 6 months. However, the collection period of the company has been consistent at 101 days in FY23.

Changes in the Government rules and regulations may affect the operations of the company

The company is exposed to changes in the regulatory environment. Any downward revision in the Tipping Fee or C&T fees will impact the revenues of the company. Many Municipalities have been struggling to fund various solid waste management projects from their own revenue receipts. Hence, Municipalities are highly dependent on state/central grants/budget allocation to fund various projects. Any adverse change in government policies or focus, delay in payment, decline in budgetary allocation for MSW may adversely affect company's business, financial condition, results of operations and prospects; hence the Company is exposed to regulatory, environmental and political risks.

Liquidity: Adequate

The liquidity for AWHCL is adequate owing to available free cash and bank balances and sufficient cash accruals for servicing its term debt. As on March 31,2023 AWHCL had free cash and bank balance of Rs 71 crores and margin money of Rs 54 crores. Further the company projects GCA of Rs ~129 crores, ~Rs 128 crores and ~Rs131 crores in FY24, FY25 and FY26 respectively

as against the principal term loan of Rs 63 crores in FY24, Rs 106 crores in FY25 and Rs 84 crores in FY26. Further, the fund-based utilisation was ~85% for the twelve months ended January 2024.

Assumptions/Covenants: Not applicable

Environment, social, and governance (ESG) risks: Not applicable

Applicable criteria

[Consolidation](#)

[Definition of Default](#)

[Liquidity Analysis of Non-financial sector entities](#)

[Rating Outlook and Rating Watch](#)

[Financial Ratios – Non financial Sector](#)

[Service Sector Companies](#)

[Short Term Instruments](#)

About the company and industry

Industry classification

Macro Economic Indicator	Sector	Industry	Basic Industry
Utilities	Utilities	Other Utilities	Waste Management

Incorporated in Jan 2001, AWHCL is one of the leading players in the field of Municipal Solid Waste (MSW) management services in India. It is a part of the Antony Group having diversified business interests mainly in automotive body building and ancillary industries. The company which has been undertaking waste management services has an established track record of 20 years. The group provides full spectrum of MSW services which include trading of Compactors, Dumpers etc. for carrying MSW, undertaking transportation of MSW to dumping grounds, Mechanized Primary collection of MSW, Mechanized Road sweeping, Waste Processing, Waste disposal and Engineering Sanitary Landfills primarily catering to Indian Municipalities.

Brief Financials (₹ crore)	March 31, 2022 (A)	March 31, 2023 (A)	9MFY24 (UA)
Total operating income	648.16	854.09	790.47
PBILDT	146.61	145.77	158.89
PAT	90.40	84.56	78.85
Overall gearing (times)	0.43	0.71	-
Interest coverage (times)	7.65	5.64	-

A: Audited UA: Unaudited; Note: 'the above results are latest financial results available'

Status of non-cooperation with previous CRA: Not applicable

Any other information: Not applicable

Rating history for last three years: Please refer Annexure-2

Covenants of rated instrument / facility: Detailed explanation of covenants of the rated instruments/facilities is given in Annexure-3

Complexity level of various instruments rated: Annexure-4

Lender details: Annexure-5

Annexure-1: Details of instruments/facilities

Name of the Instrument	ISIN	Date of Issuance (DD-MM-YYYY)	Coupon Rate (%)	Maturity Date (DD-MM-YYYY)	Size of the Issue (₹ crore)	Rating Assigned along with Rating Outlook
Fund-based - LT-Working Capital Limits		-	-	-	16.50	CARE BBB+; Stable
Non-fund-based - ST-Bank Guarantee		-	-	-	19.00	CARE A3+

Annexure-2: Rating history for the last three years

Sr. No.	Name of the Instrument/Bank Facilities	Current Ratings			Rating History			
		Type	Amount Outstanding (₹ crore)	Rating	Date(s) and Rating(s) assigned in 2023-2024	Date(s) and Rating(s) assigned in 2022-2023	Date(s) and Rating(s) assigned in 2021-2022	Date(s) and Rating(s) assigned in 2020-2021
1	Fund-based - LT-Working Capital Limits	LT	16.50	CARE BBB+; Stable	1)CARE BBB+; Stable (05-Apr-23)	1)CARE BBB; Stable (07-Apr-22)	-	1)CARE BBB-; Stable (23-Feb-21) 2)CARE BBB-; Stable (23-Jul-20)
2	Non-fund-based - ST-Bank Guarantee	ST	19.00	CARE A3+	1)CARE A3+ (05-Apr-23)	1)CARE A3 (07-Apr-22)	-	1)CARE A3 (23-Feb-21) 2)CARE A3 (23-Jul-20)

LT: Long term; ST: Short term; LT/ST: Long term/Short term

Annexure-3: Detailed explanation of covenants of the rated instruments/facilities: Not applicable**Annexure-4: Complexity level of the various instruments rated**

Sr. No.	Name of the Instrument	Complexity Level
1	Fund-based - LT-Working Capital Limits	Simple
2	Non-fund-based - ST-Bank Guarantee	Simple

Annexure-5: Lender details

To view the lender wise details of bank facilities please [click here](#)

Annexure-6: List of all the entities consolidated

Sr No	Name of the entity	Extent of consolidation	Rationale for consolidation
1.	AG Enviro Infra projects Private Ltd	Full	CARE Ratings has considered consolidated financials including all its subsidiaries since they are in the similar line of business and are under the same management.
2.	KL Envitech Private Ltd	Full	
3.	Antony Lara Enviro solutions Private Ltd	Proportionate	
4.	Antony Infrastructure and Waste Management Services Private Limited	Full	
5.	Antony Revive E-waste Private Ltd	Full	
6.	Antony Lara Renewable Energy Private Limited	Proportionate	
7.	Varanasi Waste Solutions Private Limited	Proportionate	
8.	AI waste Bio	Proportionate	

Note on the complexity levels of the rated instruments: CARE Ratings has classified instruments rated by it on the basis of complexity. Investors/market intermediaries/regulators or others are welcome to write to care@careedge.in for any clarifications.

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About us:

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