

# Antony Waste Handling Cell Limited

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Ref.: AW/SEC/NSE/2024-25/19

Date: June 3, 2024

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

Symbol: AWHCL

Dear Madam/Sir,

Sub. : Transcript of Earnings call held on May 27, 2024  
Ref. : Intimation under Regulation 30 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("SEBI Listing Regulations")

Pursuant to Regulation 30 of the SEBI Listing Regulations and in continuation to our letters having reference number AW/SEC/NSE/2024-25/11 dated May 17, 2024 - regarding intimation of Earnings Call and AW/SEC/NSE/2024-25/16 dated May 27, 2024 - regarding uploading of Audio Recording of Earnings Call, please find enclosed the transcript of the discussion held during the said Earnings Call held on May 27, 2024, at 3:00 pm (IST) w.r.t. discussion of operational and financial performance for Q4 & FY24 of the Company.

The transcript is also hosted on the Company's website i.e. at <https://www.antony-waste.com/investors/financial/>.

This is for your information and records please.

Thanking You,

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

HARSHADA RANE  
COMPANY SECRETARY & COMPLIANCE OFFICER  
A34268

Enc. a/a



“Antony Waste Handling Cell Limited  
Q4 FY '24 Earnings Conference Call”  
May 27, 2024

Disclaimer: E&OE - This transcript is edited for factual errors. In case of discrepancy, the audio recordings uploaded on the stock exchange on 27<sup>th</sup> May 2024 will prevail.



**MANAGEMENT: MR. JOSE JACOB -- CHAIRMAN AND MANAGING  
DIRECTOR – ANTONY WASTE HANDLING CELL  
LIMITED  
MR. SHIJU JACOB -- DIRECTOR AND CHIEF RISK  
OFFICER – ANTONY WASTE HANDLING CELL LIMITED  
MR. MAHENDRA ANANTHULA -- GROUP PRESIDENT –  
ANTONY WASTE HANDLING CELL LIMITED  
MR. N G SUBRAMANIAN -- GROUP CHIEF FINANCIAL  
OFFICER – ANTONY WASTE HANDLING CELL LIMITED  
SGA – INVESTOR RELATIONS ADVISORS – ANTONY  
WASTE HANDLING CELL LIMITED**

**Moderator:** Ladies and gentlemen, good day, and welcome to Antony Waste Handling Cell Limited Q4 FY '24 Earnings Conference Call. This conference call may contain forward-looking statements about the company, which are based on the beliefs, opinions and expectations of the company as on date of this call. These statements are not the guarantees of future performance and involve risks and uncertainties that are difficult to predict.

As a reminder, all participant lines will be in the listen-only mode, and there will be an opportunity for you to ask questions after the presentation concludes. Should you need assistance during the conference call, please signal an operator by pressing star then zero on your touchtone phone. Please note that this conference is being recorded.

I now hand the conference over to Mr. Jose Jacob, Chairman and Managing Director of Antony Waste Handling Cell Limited. Thank you, and over to you, sir.

**Jose Jacob:** Good afternoon, and thank you for joining us for our Q4 and FY '24 earnings conference call. With me, I have Shiju Jacob, Director and Chief Risk Officer; Mr. Mahendra Ananthula, our Group President; Mr. Subramanian, our Group CFO; and SGA, our Investor Relations Advisors. Our investor presentation for Q4 and FY '24 is now available on the website of the stock exchanges and also on our company website.

In FY '24, our core operating revenue recorded a 19% increase in operating revenue compared to the previous year, totalling INR766 crores, which is in line with our expectations. With our PCMC WTE project now operational, there has been a noticeable drop in our contract revenue. Excluding contract revenue, but including revenues from recyclable and RDF, our total operating revenue stood at INR829 crores, reflecting a 21% year-over-year growth.

The uptick in core revenue is attributable to enhance operational efficiency driven by increases in tipping fee and revenue from fixed shifts, trips and household fees. Additional revenue growth was bolstered by a contribution from the new fee collection and transportation project in Panvel and the first full quarter of from power sales from waste to energy project.

For FY '24, our core EBITDA amounted to INR198 crores, making a 29% year-over-year growth. With core EBITDA margin of 23%, which is again in line with our expectation, boosting confidence in our stability and long-term growth. Additionally, on the corporate side, the Honourable National Company Law Tribunal has granted approval for the company scheme application filed with respect to the scheme of merger entailing the absorption of 2 wholly owned subsidiary, namely Antony Infrastructure and Waste Management Service Private Limited and KL EnviTech Private Limited into AG Enviro Infra Project Private Limited. This strategy decision is aimed at rationalizing the group's organizational framework.

Thank you, and I now hand over the call to Shiju Jacob, Director and our Chief Risk Officer. Shiju, over to you.

**Shiju Jacob:** Thank you, Jose. Ladies and gentlemen, thank you for joining our earnings call for the fourth quarter. I am pleased to report significant improvements on the cash flow front. We have

successfully secured substantial collections from our clients in the subsequent period including payments from a long-standing overdue account.

Adjusted for the collections made till date, our March 2024, DSOs would now stand at 79 days as against the 103 days mentioned in the presentation. This achievement underscores our unwavering commitment to delivering exceptional service to our clients and ensuring timely payment for our efforts. Our diligent approach not only reinforces our financial stability, but also highlights our dedication to maintaining strong mutual beneficial relationship with our clients.

Poorly managed landfills pose risk to base transporters, such as vehicle damage and delays. At Antony, we proactively mitigate these risks by keeping clients informed about potential impacts on service quality and efficiency, ensuring smooth operations. As landfill operators, we excel in maintaining scientifically managed sites to minimize environmental hazards and comply with regulations.

Our significant investment in ongoing monitoring and advanced protocols ensures high standards and addresses any unforeseen challenges with expertise and resources. We prioritize safety, addressing human and machine-related accidents through stringent safety protocols, comprehensive training and regular equipment inspections.

The commitment to safeguard our workers enhances productivity and reduce insurance costs and legal liabilities. In the face of natural disasters, Antony stands out with robust disaster preparedness plans. We protect critical infrastructure mitigate environmental risks and ensure the safety of our employees and communities demonstrating our resilience and dedication to excellence in waste management.

As we close FY '24 and move the bulk of our capital expenditure phase for existing projects, we are confident about reaching significant milestones. This confidence is bolstered by the launch of our construction and debris processing project in Mumbai and increased power sales in PCMC.

I am pleased to inform that we have already successfully tested the C&D plant and it met all the performance parameter positively. Additionally, we will commence commercial operations at the CIDCO Biomining Site in the first quarter of FY '25. Our company remains dedicated to environmental sustainability and delivering value to our stakeholders. As we look to the future, we remain committed to driving progress for fostering innovation and achieving excellence in all our endeavours.

Moving on to the operational aspect, let me get Mahendra in. Mahendra, over to you. Thank you.

**Mahendra Ananthula:**

Thank you, Shiju. I'd like to provide an update on the operational performance of Antony Waste Handling Cell. During this period, we effectively managed 1.14 million tons of waste, demonstrating a notable 10% year-on-year increase.

For the full year FY '24, we managed 4.67 million tons of waste, marking a 12% year-on-year increase. This growth can be attributed to the successful execution of operations in newly acquired contracts, improved volumes at existing collection and transportation sites and an uptick in tonnage process at our waste processing operations.

In the collection and transportation business segment, we handled 0.47 million tons in quarter 4 of FY '24, reflecting a strong 15-year year-on-year growth. For the full year FY '24, our corresponding growth was 13% on a year-on-year basis. Furthermore, our waste processing business managed 0.67 million tons in quarter 4, a 6% increase over the previous year. For the full year FY '24, we managed a year-on-year growth of 11%. The company's defining moment in the fiscal year 2024 was, of course, commissioning of the 14 megawatts waste-to-energy plant in Pimpri-Chinchwad.

The plant is running successfully since then and achieved an impressive plant-load factor of approximately 71% during its inaugural first quarter of operation. This marks a significant milestone, and the company aims to stabilize their performance at about 80% going forward.

This waste energy plant generated over 37 million green units of electricity, which highlights the plant's significant contribution to sustainable energy production. Each green unit of electricity generated from renewable sources helps in reducing our reliance on fossil fuels and minimizing carbon emissions. The success of this waste energy plant in generating green energy underscores our commitment to environmental sustainability and our role in promoting greener, more efficient energy solution.

This achievement not only supports our revenue growth but also aligns with our mission to foster a greener future through innovative waste management practices. During FY '24, we also achieved a record RDF sale of 1.47 lakh tons. This indicates that our RDF has a very high calorific value, making it suitable substitute for coal, thus aiding cement companies in meeting their alternative fuel requirement objectives.

We foresee continued growth in RDF sales. Additionally, we sold around 10,000 tons of compost during FY '24. Highlighting some of our business development activities during the year, the company successfully secured key contracts across various business segments. Among these, the company signed a contract worth approximately INR386 crores for its collection and transportation projects of municipal solid waste in Panvel Municipal Corporation. Notably, Panvel Municipal Corporation will procure the entire infrastructure for the project, making it an asset-light model for the company.

Another new project in the processing phase was the company securing a biomining contract in CIDCO valued at approximately INR77 crores in which the company will process about 8.6 lakh tons of legacy waste over 2 years. On the ESG front in terms of emissions, our Scope 1 emissions totalled about 24,519 tons of carbon dioxide equivalent in FY '24. Our Scope 2 emission was 4,162 tons. Our commitment to emission reduction is evident with awarded emissions of 2,787 tons. In conclusion, these accomplishments underscore our steadfast dedication to environmental

sustainability, innovation and the creation of a greener future. We anticipate the core revenue growth to continue, driven by several key factors.

The first full year of operations from our waste to energy plant will significantly contribute to our revenue. Additionally, the company will commission its first construction and demolition plant in Mumbai shortly, which will further expand our product portfolio and enhance our financial performance.

The ramp-up of the work at our Panvel operations is also expected to support the growth. Furthermore, with the elections behind us by the first half of the year, we expect to see positive traction in the announcement of new tenders. This post election period typically brings increased government activity and investment in infrastructure projects, providing us with more opportunities to secure new contracts and expand our business.

Thank you -- and I now hand over the call to N. G. for financial highlights.

**N G Subramanian:**

Thank you, Mahendra. Good afternoon, everyone. We have seen a significant shift in our revenue mix for FY '24 as compared to FY '23, and this is reflective of the commencement of the PCMC waste-to-energy plant and the resulting reduction in the contract revenue.

In FY '23, our revenue was distributed as 54% coming from C&T, 20% from MSW processing and 26% from contracts and others. This has shifted to 62% from C&T, 23% from processing and 15% from contracts and others. In Q4 '24, the company achieved strong growth with operating revenue rising to INR196 crores, a 16% increase versus INR169 crores. On a full year basis, it's reported an operating revenue of INR766 crores, an increase of 19%. The total operating revenue, excluding contract revenue, but including revenue from sale of recyclables and RDF stood at INR829 crores, which reflects a 21% growth year-on-year.

The total contract revenue in FY '24 stood at INR43.4 crores, and this compares against INR171.7 crores last year. And for FY '24, the same was INR3.13 crores versus INR21.1 crores in the same period last year. The growth in operating revenue is equitably distributed across operational efficiency and the new contracts, as mentioned by Jose and Mahendra.

In terms of consolidated core EBITDA performance, the group demonstrated a growth of 15%, achieving INR43 crores in Q4 versus INR38 crores in the same period last year and the margin stood at around 20%. For the FY '24, the company has exhibited a robust 29% growth in core EBITDA reaching INR198 crores with a core EBITDA margin of 23% as was in line with our expectation. Interest cost has jumped from INR26.6 crores to INR39.5 crores, while depreciation resume by 37%. These increases are primarily due to the commercial start of the waste to energy project.

As of March '24, the company's group debt stood at INR414.6 crores and net debt is at around INR343 crores indicating net debt to equity of around 0.5x. The weighted cost of debt for the group stands at around 8.5%. On the tax component during the year, there has been a significant change. We would like to clarify on that. The company has conducted a comprehensive evaluation of its deferred tax position as of March 31, 2024. As a result of this thorough review,

the company has decided to derecognize the nonrecurring deferred tax liability associated with the available and distributable surplus at a key subsidiary.

This decision reflects a detailed assessment of our financial standing and alliance with our commitment to maintaining an accurate and transparent financial record. By removing this nonrecurring liability, we are better positioned to reflect the true financial health and the potential of our subsidiary, ensuring clarity and position in our reporting.

Finally, I would also like to provide an update on the income tax search that was conducted in the company in 2021. We have received a total claim from the authority amounting to INR9 crores. This represents about 9% of our annual profit for FY '24. Our dedicated team is diligently planning to contest this claim through CIT appeal.

We are committed to ensuring that our position is appropriately presented and will pursue all necessary avenues to address this matter effectively. We'll keep you informed about any further development regarding this issue as transparency and communication remain paramount in our approach to managing such challenges.

That is all from our end, and now we'd like to open the floor for Q&A.

- Moderator:** Thank you very much. Our first question is from the line of Bhavya Gandhi from Dalal & Broacha Stock Broking. Please go ahead.
- Bhavya Gandhi:** Sir, can you just repeat the gross and net debt figure?
- N G Subramanian:** The total gross debt was INR414.6 crores and the net debt is around INR343 crores.
- Bhavya Gandhi:** INR343 crores?
- N G Subramanian:** Yes. 343. We have a cash of around INR70-odd crores.
- Bhavya Gandhi:** Okay. Got it. And sir, with respect to your revenue for FY '25, you mentioned that we'll see a full year of waste-to-energy. So how much revenue are we expecting from that?
- N G Subramanian:** So normally, based on the tipping fee and the rate at which the power is sold, we would be looking at anywhere in the range of INR45 crores to INR55 crores depending upon the tonnage flows and everything. So that is the incremental revenue that we expect from the waste-to-energy project.
- Bhavya Gandhi:** Right. And similarly, for the construction and debris project?
- Mahendra Ananthula:** That would be about INR30-odd crores in the first full year.
- Bhavya Gandhi:** Okay. And we'll be starting somewhere in June. So I mean, we will see only 9 months of revenue, right, for '25?

- Mahendra Ananthula:** Yes, the INR30 crores number that we gave is for 12 months period, i.e. on annualized basis. But yes, you are right, we are likely to commission it in June.
- Bhavya Gandhi:** Okay. And when will the Panvel operations start and how much revenue are we expecting from that?
- Mahendra Ananthula:** It's already started. Panvel has already started operations from November '23.
- Bhavya Gandhi:** Okay. And how much are we expecting on a full yearly basis?
- Mahendra Ananthula:** This year, I think we should do about INR35 crores to INR40 crores.
- Bhavya Gandhi:** INR35 crores to INR40 crores. Okay. Basically, this would be the incremental revenue on the 3 revenue streams, I would say. No other revenue, which is going to sort of accrue on our books now unless there's a new contract.
- N G Subramanian:** One which is CIDCO Biomining, which will be coming in...
- Bhavya Gandhi:** CIDCO biomining, how much would be the revenue, total revenue?
- Mahendra Ananthula:** So that -- sorry, maybe I misunderstood the question. When I said about INR35 crores to INR40 crores, that was for CIDCO biomining project.
- Bhavya Gandhi:** Okay. So how much would be the construction and debris revenue that we are expecting?
- Mahendra Ananthula:** That one is about INR30 crores on annualized basis in the first year.
- Bhavya Gandhi:** Okay. Okay. CIDCO biomining would also be for 9 months, if I'm not wrong?
- Mahendra Ananthula:** CIDCO biomining will be, yes. We have already started. So yes, you can say close to 10 months-or-so. Yes.
- Bhavya Gandhi:** 10 months or so. Okay. And can you throw some light on the total outstanding debtors that we have? And have we made any provisions for the year, any doubtful provisions?
- N G Subramanian:** So the total current outstanding is around INR250-odd crores in the books. And we have made a small provision of around INR1.6 crores because the matter is still under the Amritsar High Court issue. So we have created a provision of INR1.6 crores, but we are expecting a positive update on that once the vacation gets over and the courts start hearing.
- Bhavya Gandhi:** Okay. And for the PCMC we were going to receive some subsidy. Can you throw some light on the status of subsidy?
- Mahendra Ananthula:** So you're talking about the VGF funding, i.e. the grant?
- Bhavya Gandhi:** Yes.



- Mahendra Ananthula:** That is in the final stage. The municipality has promised that it should come in the next few weeks. They should be paying.
- Bhavya Gandhi:** How much amount are we looking out for?
- N G Subramanian:** It should be in the range of around INR35-odd crores and that will go completely towards debt repayment.
- Bhavya Gandhi:** Okay. That will go towards debt repayment. Okay. Any -- I mean, can you throw some light on the entire debt repayment strategy going forward or will you still maintain?
- N G Subramanian:** See our net debt to equity is in the range of around 0.5x and given the way the debt profile is we have a steady cash flow from operations which kind of gives us a decent window to repay our debt as per the schedule. So if the company doesn't bag any contract or doesn't win any new waste-to-energy projects, the group would be debt-free in 4 years' time.
- Bhavya Gandhi:** Got it. And just one last thing. Would you like to give any revenue EBITDA or PAT guidance for next 2 years, 3 years?
- N G Subramanian:** So on the core operating front which is excluding IndAS looking at our tipping fee and sale of RDF we would be in the range of around 20% growth over the next 2 years backed fully by ongoing contracts. EBITDA margins will be in the range of around 22% to 24%. Given the fact that the contract revenue is off and those were the margin weighing entities. PAT should improve marginally, but the PAT margin I would say would improve marginally because going forward interest and depreciation will still be heavy for the first couple of years due to the waste-to-energy project. So we would be happy with the PAT margin of around 10.5% to 11.25% going forward.
- Bhavya Gandhi:** Got it sir. I will get back in the queue. Thank you so much. Really helpful.
- Moderator:** Thank you. The next question is from the line of Ambar Taneja from Geomatrix. Please go ahead.
- Ambar Taneja:** Just a quick one. What is the status of the collection post March that you just mentioned and second year running in a row now there is no possibility of a dividend etc. So any comments on these two?
- N G Subramanian:** Good afternoon, Ambar. So on the total receivables front, I mean, as of 31st of March we had a DSOs of 103 and that stands to improve as of yesterday to 79. So we have realized around INR36-odd crores of the current receivables in the 45 days period. Additionally, we have received a large chunk to the tune of INR15 crores from an old receivable which is over and above the INR38 crores from a client who was going through some financial constraints. So that has also been realized.
- So that is what the CRO was referring to as improving the cash flow strength. On the dividend part the board is very much aware of this point and they have discussed this at multiple forums.

So I think within the next 2 or 3 quarters that the Board would be in a position to give a direction on that front.

**Ambar Taneja:** Okay. Thank you. That's it.

**Moderator:** Thank you The next question is from the line of Faisal Hawa from H.G. Hawa. Please go ahead.

**Faisal Hawa:** Sir, constantly, our ROE and ROCE has been falling from many years and this is also coincided with our going public. So any views on how that can be improved and secondly, sir, why are we not doing more things in E-waste and then again vehicle scrapping and even this tyre recycling and many quarters go by and there's virtually no action on that?

**N G Subramanian:** Yes. Mr. Hawa on the first part, on the ROCE and the ROE the main factor for the number slightly slipping is mainly because of the large denominator. Over the last 3 years significant capex has been done for the waste-to-energy project and the Kanjur projects. And on the ROE front the profits have been increasing over the last 3 years from all the subsidiaries. So that is kind of inflating our equity and the capital employed.

And hence you are seeing the ROE and ROCE being softer than what it was in the past. If you look at the capex phase till 2018, the total assets block was around INR240-odd crores. Today, we are in the range of around INR600 crores to INR800-odd crores of the total sales. And the revenue from these capex is now coming in.

So over the next 3 years to 4 years, you will see the ROCE and the ROE improve a bit. With dividends being declared by the company in future you will see a lower equity base that can also improve your ROE metrics. On the other question, Mahendra...

**Mahendra Ananthula:** On the vehicle scrapping and the tyre recycling we have already identified land and we are currently closing that land lease deal with the owners. Parallely, we have also applied for the registration license that we need from the pertinent government authority. So we have made progress this quarter and very soon we should also be closing in. The equipment supplier for the tyre recycling we have already finalized.

We just have to finalize some final numbers. On the vehicle scrapping equipment, I mean, we have narrowed down our choices to two vendors and that also we should be closing by the time we get our approval.

**Faisal Hawa:** And sir how many more waste-to-energy plants are we targeting all over the country and what is the likelihood of getting one or two more such large contracts in the next couple of years?

**Mahendra Ananthula:** So there is one ongoing tender which we are very seriously pursuing in the city of Chennai. I would not say it's just as a waste-to-energy because that's a very large waste processing you can say park which they have contemplated. So this is a 20-year concession period project which they are likely to increase to 30 years. We are supposed to set up processing facilities for capacity starting from 3,000 tons per day going up to 4,000 per day by the end of 20 years.

So as part of this, we are required to set up minimum 1,400 tons per day of waste-to-energy and minimum 300 tons per day of biomining project. So this is a tender which we are seriously pursuing and we should be submitting our proposal sometime in July or so.

**Faisal Hawa:** And any other things that we are doing with E-waste?

**Mahendra Ananthula:** Not so much in E-waste, but as I mentioned, I mean, earlier that we are first focused on getting our bearings right on vehicle scrapping and tire recycling. Parallely, we have started work on the battery recycling thing. So that is something that we are -- we think probably has got a little more traction. E-waste we think is a bit crowded for the time being given its size.

**Faisal Hawa:** And sir, what is the kind of opportunity that we have with the private sector because we always say that we want to increase the business of private sector in our company, but there's not much traction on that.

**Mahendra Ananthula:** So on this we are -- currently, we have sort of finalized one contract with a large FMCG multinational which wants us to source and process recycled PET bottles into rPET so that they can use it for their plastic requirement. So this is something which we have already discussed the proposal with them. We have also agreed on the price. The company is currently getting clearances from their headquarters for this project to go ahead. So this is one such venture. Another venture that we are trying.

**Faisal Hawa:** This is part of their EPR?

**Mahendra Ananthula:** It's part of the EPR mandate, yes.

**Faisal Hawa:** Okay. And this company would be amongst the top 5 FMCG companies of India?

**Mahendra Ananthula:** Of course.

**Faisal Hawa:** Okay. And I mean, I must congratulate you on that. And also, there's a very good LinkedIn presence that we have and a page that we maintain. I must also commend you for that. It's a very good move. Thank you so much sir.

**Moderator:** The next question is from the line of Anupam Gupta from IIFL Securities. Please go ahead.

**Anupam Gupta:** Firstly, on the tire and vehicle scrapping venture, what sort of - if you can maybe discuss the economics of this in terms of what sort of capex is required, what sort of margins and IRRs you expect to make from these 2 ventures?

**Mahendra Ananthula:** These kinds of projects are very modular and they can be scaled up easily. The configuration that we are working on vehicle scrapping is essentially to start with about 50-60 vehicles per day, going up to 100-150 vehicles per day by year 5. So, that's the kind of model that we are working on. And we want to process both the passenger cars as well as the trucks. In terms of investments, we expect an investment of about INR20 crores to start with. That's the capex

because we are not buying land, we have decided to go for leased land. So, it's going to be an opex item.

**Anupam Gupta:**

Okay. And similarly for tires?

**Mahendra Ananthula:**

Tires also is going to be in the range of INR5-INR6 crores, I mean, depending on how we proceed because we are going to import tires as well to make the project viable for some of the end applications. So depending - so the investment will also be a function of how much tires we import. But ballpark is about INR5-INR7 crores.

**Anupam Gupta:**

Okay. And - fine. And the second thing which you mentioned for the tender in Chennai, will this be similar to what you do in Kanjur or is it different than what you do?

**Mahendra Ananthula:**

So - Okay. So as I said, there is going to be waste to energy. So this will be exactly same as what we have in PCMC, the Pimpri Chinchwad city. Here also, like Pimpri, we are working with Hitachi Zosen as a technology vendor - as a technology partner. So that part is going to be similar to that in PCMC. Bio CNG is something that we have not done so far. It's not part of our portfolio yet. Although, we had a lot of discussions with lot many technology companies. But for the time being, we are more likely to go with Hitachi Zosen also for the Bio CNG module. The remaining part of composting and MRF is going to be similar to what we have in Kanjur. So to answer your question, it's going to be a combination of Pimpri and the Kanjur business.

**Anupam Gupta:**

And the capex should be approximately what here?

**Mahendra Ananthula:**

We are still working on that because we are still waiting for some critical input - key inputs from Hitachi Zosen, the technology vendor. So, maybe we can take that in the next call and also because this is a tender. So we also don't want to reveal too much about our commercial decisions.

**Anupam Gupta:**

Okay. And sir, second question is for N. G. So now that your contribution from WTE or PCMC project goes up in this year, and I assume it is a much higher margin business compared to what you do in C&T. Why are we not guiding to a higher margin? Is it because of the new projects being lower margins or what's the math there?

**N G Subramanian:**

No. The reason the margins are likely to be inching up and not jumping is the contribution to the top-line. I mean, we will be looking at around INR50 odd crores of revenue from the WTE, while my C&T business today is around INR400 plus crores. So it's not a significant contributor to the top-line, but the margin profile definitely shifts.

So today, if you look at the core business, my revenue share within C&T and processing is around 67-33. That will marginally change to 65-75, so it's not a significant jump today. Maybe as the business progresses and we shift more to processing, you will see a significant shift in the margins going forward.

**Anupam Gupta:**

And the Panvel project which you have, which is where capex is done by the authorities, it is safe to assume that, that would be a 12%, 13% margin business?

- N G Subramanian:** It should be around that because the capex is not done by - so the main objective is recovery of your opex cost plus the margin over there. So it could be a safer assumption in those fronts.
- Anupam Gupta:** Sure. And just 1 clarification. If you can repeat what you said in terms of incremental revenues from each of the projects -- the 4 projects which you mentioned PCMC, Panvel, CIDCO and...
- Mahendra Ananthula:** So for the C&D, the construction and debris business in Mumbai, we said annualized revenue would be about INR30 crores per year, For the Panvel biomining projects, this year, we should clock about INR35 crores to INR40 crores of revenue. The third one was which one? You said -- the PCMC waste to energy?
- Anupam Gupta:** Yes.
- Mahendra Ananthula:** PCMC waste to energy will have 2 revenue streams – power sale and tipping fee and this thing will be about INR50-odd crores.
- Anupam Gupta:** That is incremental, right? Not absolute, incremental revenue?
- Mahendra Ananthula:** This is -- this is the annual revenue. Yes.
- Anupam Gupta:** Okay. And the Panvel C&T contract?
- Mahendra Ananthula:** Panvel would be about INR35 crores to INR36 crores.
- Moderator:** Thank you. The next question is from the line of Agastya Dave from CAO Capital. Please go ahead.
- Agastya Dave:** I must appreciate the previous speaker. He asked all the main questions. So that's likely be helpful. Sir, I have just 2 small questions. First is a clarification. You gave a guidance on revenue side. You said 20%, did you mean 20% CAGR or 20% cumulative over 2 years?
- N G Subramanian:** So it will be 20% CAGR.
- Agastya Dave:** 20% CAGR. Great, sir. Second, sir, this waste-to-energy project, what kind of project level either do you expect that full utilization?
- N G Subramanian:** See, it will give us an equity IRR of around 16.09% as per the tender condition. So the tender gives us a medium mature rate on that end. But normally, when we bid for such large waste processing projects, we look at a cost of debt plus at least 300 to 500 bps of spread given the complexities involved here...
- Agastya Dave:** Right. So sir, are there any over and above the contractual minimum, are there any other ways through which you can have better IRRs? Are there any efficiency gains or something that will give you a bump up over and above the minimum guaranteed number?
- N G Subramanian:** Normally, it could be either from sale of recyclables, plastics, compost and if there is excess of waste coming into your system, we can shred it and sell it as RDF. These are additional sources

of revenue and these add directly to your EBITDA. So these are what are the bonus points that you might get over the project life. Since the project has just started, it will be very difficult to kind of show any direction, how much and if any, will be the contribution from these optional revenue sources.

**Moderator:** Thank you. The next question is from the line of Manav Vijay from M V Investments. Please go ahead.

**Manav Vijay:** Sir, actually, I would say a question to ask. So for the PCMC project, I believe the earlier costing that we had for the entire project was around INR190 crores. Whereas, we have ended around INR240 crores of total investment in that project, which I think includes the INR50 crores of subsidy that you were supposed to receive from the municipal corporation. If you can Help us understand how this additional INR50 crores that we've spent. So will that money -- you will get a refund from the municipal corporation or how that money will be adjusted, sir?

**N G Subramanian:** So normally, during the construction side, the company's project was hit by -- due to COVID. So there was a cost and a time overload. So that has kind of increased the cost due to cement and steel prices rising by around 32% and 38%, respectively.

So that has impacted us. But having said that, the tender clearly gives us a minimum equity IRR on a project of 16.09%. So once the project is completed, which we did in October 2023, we have approved the independent engineer to audit our books and similarly approach the client for an increase in the tipping fee which will compensate us for the increase in the capex cost.

**Manav Vijay:** Okay. And we expect this approval of increased tipping fee to come by when?

**N G Subramanian:** So this is a procedural aspect. So it takes time. And if you're working with the government or municipal authorities it normally takes at least 2 to 3 years. But the paperwork is already in process. We've already initiated the discussion and they have already accepted the request from our end.

**Manav Vijay:** Okay. And this additional INR50 crores will completely go -- and go as an equity or it will be - or a part of it will go also as debt.

**N G Subramanian:** It has gone completely as equity because the company wanted to get the project up and ready. So this was the first Maharashtra waste-to-energy project under the green access. So we prioritized the start of the project, and we completed the project through the internal cash accruals of the company.

**Moderator:** Thank you. The next question is from the line of Partha Mazumder from Eastern Financial Limited.

**Partha Mazumder:** Yes. So I'm new to the company, sir, can you please explain why the contract and others that revenue is down? I couldn't actually get that.

**N G Subramanian:** So the contract revenue is primarily an Ind AS accounting standard 115, which reflects the under DBOOT project, whatever capital expenditures that you do doesn't get recognized as land and building on plant and machinery, it comes recognized as a right to charge to the client. And hence, any capex that we do during the construction phase gets institutionalized as a revenue line item, and that is reflected as a contract revenue. So as the construction phase gets over, the contract revenue goes off, and that is reflected as an additional core operating revenue since you start generating revenue from the tipping fees and sale of power.

So in the past last year, we had a contract revenue of INR171 crores which was the construction phase period. During the current financial year, we have already completed the project. So we could recognize only INR43 crores because that was the last leg of the construction. That is why you see a fall in the contract revenue and the reflective cost of lower contract costs also getting reflected in the income -- expenses side of the income statement. The company has a detailed note on the treatment of the accounting standards with refer to contract revenue on its website. So we can ask the Investor Relations team to reach out to you to help you on that matter.

**Moderator:** Thank you. The next question is from the line of Rohan Selson who's an individual investor. Please go ahead.

**Rohan Selson:** Rohan Selson here. I would like to ask you 2 questions. Could you provide some more elaboration on the deferred tax in this quarter? And will this have any impact on your financials in future?

**N G Subramanian:** Yes. On the deferred tax is basically -- what we had is one of the main subsidiaries, which is AG Enviro Infra, we had a nonrecurring significant profit available and distributed surplus as subsidiaries and now after a comprehensive evaluation, we have taken a call that the dividend will not be declared from the subsidiary, primarily because of the ongoing capex that is happening at the subsidiary level.

So once you do an evaluation on this aspect, you don't have to have that deferred tax line item you get reversed. That is why we are seeing a reversal of the deferred tax position as of March 31, 2024. Incrementally whatever profit is earned at the subsidy level in future that will again attract deferred tax calculation based on the merits there. So that's how the deferred tax has been evaluated, sir.

**Rohan Selson:** Okay. Also, what is the average count of tenders we are bidding for per quarter and what is the success rate?

**Mahendra Ananthula:** So this is -- the current Chennai one is a major tender, which is currently open. Apart from this, there are a few other C&T contracts that we are bidding for. A couple of them are already -- the bid process is on. The main thing here is that most of the tenders actually have been deferred because of the elections. And we expect a lot of tender activity starting from July and August.

**Moderator:** Our next question is from the line of Bhavya Gandhi from Dalal & Broacha Stock Broking.

- Bhavya Gandhi:** Sir, something about the rPET bottles? I mean, is it a part of EPR you mentioned? And what sort of contracts are we looking? Is it more of a service contract or are we going to undertake, I mean, structured recycling plant itself?
- Mahendra Ananthula:** So it's in 2 phases. I mean, you are right about the EPR part. The FMCG company that we mentioned, it's largely on the part of EPR because they had this mandate to replace 25% of the bottles to be made from recycled pets instead of virgin plastic. For them, it's a EPR thing, and for us it's a collection and transport contract in the first phase.
- Bhavya Gandhi:** Sir, your voice was not audible in the last part. So you mentioned it's a C&T contract?
- Mahendra Ananthula:** So for us, I mean, we will be collecting and transporting these bottles before they get contaminated. So we'll be collecting directly from the E&D outlets as they call it, eating and drinking outlets, so that they are not contaminated. So they will be baled and sent to the processing plant. So that is the first phase. In the first phase, so far, we have gone for a fee-based service contract.
- In the second phase, which is yet to be negotiated, I mean that can come later, which is how can we actually convert these bottles to rPET granules. So the processing part is something that we are yet to discuss. But that's something which is open for the time being.
- Bhavya Gandhi:** Okay. And sir, this is a firm contract that we already received and what sort of revenue are we looking out for this one?
- Mahendra Ananthula:** So it's a bit too early. As I mentioned earlier that the company has finalized the terms with us and they are just getting their approvals from their head office -- headquarters. So once we get that approval, we'll get the green light to start and we'll announce that...
- Bhavya Gandhi:** This will be pan India or specific to any state?
- Mahendra Ananthula:** I'm sorry? No, this is only in Mumbai to start with, but idea is expand it to other parts of Maharashtra first and then maybe other states.
- Bhavya Gandhi:** Okay. Okay. I mean if you can just directionally guide, will it be very big in terms of size or would it be just a portion of our revenue?
- Mahendra Ananthula:** Not very big. I mean, it's like a typical collection and transportation. See, the total market is very big, but as we mentioned that we are supposed to collect these pet bottles from the E&D outlets, so it will be a slow beginning to start with, but the total potential that we have found out is huge. So then it can be a sizable business.
- Bhavya Gandhi:** Got it. Got it. And similarly, if you can throw some light on the regulation on vehicle scrapping and tire recycling also. Is there any regulation which is going to come up or -- I mean, if you can throw some light on that?



**Mahendra Ananthula:** So for vehicle scrapping, the regulation is already in place. I mean, the central government came with a policy a couple of years ago. Most of the states also have come up with their own version of the policy to support such projects in their states. Since we are inclined to set this up near Mumbai. So we have to follow the Maharashtra thing. And -- so the first step is basically that we need to -- so they have a prequalification criteria in terms of who is eligible.

They need to have minimum 2 acres of land and so on and so forth. And they need to have -- they need to be in the similar business or experience of recycling vehicles, etc. So that's why we have to apply to the transport department to get the license. So today, we are at that stage. So that is the regulation part.

**Bhavya Gandhi:** No, no, from the customer angle, I'm asking, I mean how the EPR norm is on the plastic manufacturer -- or plastic waste manufacturer. So what regulation -- I mean, how many years after which they have to scrap the vehicle and all those if you can just throw some of that?

**Mahendra Ananthula:** Yes. That is 15 years for petrol vehicles, 10-years for the diesel vehicles. Different states have actually given a few years of flexibility to the retail customers. Most of the government departments and PSUs have taken a decision to compulsorily follow that 10- and 15-year rule, right? So that's the thing from the point of view of a steady flow of feedstock coming in, for which one has to work with retail network or work with dealers, we have to work with the insurance companies. We have to look at the impounded vehicles with police to find such vehicles.

The public sector typically auctions it. So you have to participate in those auctions to get that feedstock. Otherwise, you also need to have a B2C network so that people think of you as and when they have a vehicle they can scrap.

**Bhavya Gandhi:** Right. And just on the TV interview, CNBC TV interview you mentioned that it is almost INR8,000 crores addressable market. So I mean, what sort of revenue are we looking out over there?

**Mahendra Ananthula:** So as I said, it all depends on the capacity. We want to start with about 50 vehicles per day, a combination of cars and trucks. So I think we can have -- I mean, if we get this kind of supply - - these number of vehicles, we can clock almost INR80 crores to INR100 crores of revenue.

**Bhavya Gandhi:** Okay. Okay. And similar sort of EBITDA margins that we have for our existing business?

**Mahendra Ananthula:** Yes, it should be the same, but it has to evolve. Because some of these businesses are just emerging there they are evolving. So much also depends on how hungry we are -- I mean how we are to get more and more vehicles. So margin will also play a role there.

**Bhavya Gandhi:** So on the ROCE front, it looks crazy, almost 100% in the first year itself. I mean, INR20 crores of EBITDA even if you extrapolate on a INR20 crores investment, I mean it's a -- payback period is just 1 year.

**Mahendra Ananthula:** No, it could be -- I mean, the EBITDA margin actually is pretty low here.

- Bhavya Gandhi:** Low, okay. Would you like to share some number on that front?
- Mahendra Ananthula:** Again, a bit too early, but let me just give you an example. Let's say, you procure a car, for INR25,000 to INR30,000. So if you strip that vehicle -- it's a very technical process of how you take out the liquids what's called the de-polluting stage. And after that, you have to strip it in a particular manner to take out the steel, aluminium and so on.
- Steel is the largest component for sale. So how you extract it, at what price you are selling steel. So that's the real play. So the sourcing of these vehicles is the key because the price of steel is almost known. I mean it's traded in the open market.
- Bhavya Gandhi:** Great sir, looking forward to more updates on both new businesses. Thank you so much. That's it from my end.
- Moderator:** Thank you. The next question is from the line of Shriyanash from Arthya Ams. Please go ahead.
- Shriyanash:** I just wanted to ask 2 questions. When was our Panvel C&T contract has been started?
- N G Subramanian:** It was started on November 1, 2023.
- Shriyanash:** So in this quarter, we have got this full quarter for revenue from that contract. But why are the C&T revenues flat in not even -- there is no effect in volume side?
- N G Subramanian:** On a year-on-year basis, there is an increase in the volume. Sequentially, it's not significant because during the quarter Mangalore, one of the old contracts got expired, and we didn't renew it. So the revenue loss from Mangalore is offset by the revenue gains from the Panvel and other contracts.
- Shriyanash:** Okay. So Mangalore is expire right. Okay. And on processing side, like we can see PCMC waste energy plant is gaining its PLS part and it's around 65% to 70% now. So while is there dip in the processing volumes also because we should has seen some increment there.
- Mahendra Ananthula:** So the tipping fee is as per the contract, I mean, it is fixed. So it only will have the first escalation 12 months after the COD.
- Shriyanash:** No. But volume side and processing part, there should be some increments because our PLF is gaining in WTE so more waste is getting processed, but there is a dip in volume, so is there any affect in Kanjurmarg part also...
- N G Subramanian:** This is bioreactor landfill and material recovery facility. The Pimpri-Chinchwad works on a waste to energy, which is a boiler capped capacity. So we are anyway taking in around 1,100 tons of waste a day. That is what you can process, that's cap on that amount. So of that 1,100 tons after segregation, the PLF kind of keeps on improving.
- So for the first inaugural quarter, we have a PLF of around 71%. For the month of April onward, this is actually upwards of 80% for us. So the PLF will keep on improving based on the ability

of the company to mix the waste appropriately, improving the calorific value and thereupon. So the inflow of waste has very little impact on the PLF here.

**Shriyanash:** Okay, understood. So a major effect, the dip in volume is because of the Kanjurmarg plant, correct?

**N G Subramanian:** Kanjur and the Greater Noida biomining which got expired in the last year. So these are the 2 reasons for the increase in the processing contract.

**Moderator:** The next question is from the line of Amith Agicha from H.G. Hawa.

**Amith Agicha:** Congratulations, sir, for the 1 billion profit mark. And I wanted to ask about the vehicle scrapping business which we are entering into -- would you be entering into the 2-wheeler vehicle scrapping as well?

**Mahendra Ananthula:** So to start with, we are still looking at cars and trucks to start with.

**Amith Agicha:** Okay. And in the Kanjurmarg site, is the company thinking of like the waste-to-energy plant?

**Mahendra Ananthula:** That is something that we are in discussion with BMC. And because of these elections, the bureaucrats are busy, so that's why it is taking time. But after some time in June, we are expecting their reply on this.

**Amith Agicha:** Okay. So come to the meeting, there is some capex over there as well?

**Mahendra Ananthula:** So yes, we have to plan for that capex.

**Amith Agicha:** Okay. So probably the details might be coming in the coming call, in the quarter?

**Mahendra Ananthula:** Yes, that's right. Yes.

**Moderator:** Ladies and gentlemen, due to the time constraints. This was the last question for today. I would like to hand the conference over to Mr. Jose Jacob for closing comments.

**Jose Jacob:** I wish to convey my heartfelt gratitude to our committed team whose tireless efforts have played a pivotal role in accomplishing our goal. My sincere appreciation goes out to our valued clients and stakeholders for their unwavering support. Together, we have posed a robust and successful company and I'm optimistic that our path towards a cleaner and greener future will be marked by continued success. Thank you to everybody.

**Moderator:** Thank you. On behalf of Antony Waste Handling Cell Limited, that concludes this conference. Thank you for joining us. You may now disconnect your lines