

Antony Waste Handling Cell Limited

CIN: L90001MH2001PLC130485



Ref.: AW/SEC/NSE/2021-22/98

Date: February 16, 2022

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

Sub. : Intimation under Regulation 30 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("SEBI Listing Regulations") - Transcript of Investors/ Analyst conference call held on February 07, 2022

Ref. : SYMBOL – AWHCL

With reference to our letter AW/SEC/NSE/2021-22/89 dated February 03, 2022, regarding intimation of the Investor/Analyst Conference Call on Monday, February 07, 2022, for discussion on the Unaudited Financial Results (Standalone and Consolidated) of the Company for the third quarter and nine months ended December 31, 2021, please find enclosed the transcript of the discussion held during the conference call.

The transcript is also hosted on the Company's website i.e. at www.antony-waste.com.

This is for your information and records please.

Thanking you,

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

A handwritten signature in blue ink and a circular blue stamp. The stamp contains the text "Antony Waste Handling Cell Ltd" around the perimeter.

HARSHADA RANE
COMPANY SECRETARY & COMPLIANCE OFFICER
A34268

Encl. a/a



“Antony Waste Handling Cell Limited Q3 & 9M FY2022 Earnings Conference Call”

February 07, 2022

Disclaimer: This document is subject to errors and may or may not contain words which have been included / omitted due to human error while transcribing the conference call. Any and all information should be verified with the company by the reader.



**MANAGEMENT: MR. JOSE JACOB – CHAIRMAN & MANAGING DIRECTOR
- ANTONY WASTE HANDLING CELL LIMITED
MR. N. G. SUBRAMANIAN – GROUP CHIEF FINANCIAL
OFFICER - ANTONY WASTE HANDLING CELL LIMITED**

Moderator: Ladies and gentlemen, good day, and welcome to Antony Waste Handling Cell Limited Q3 and nine months FY2022 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 “*” then “0” on your touchtone telephone. Please note that this conference is being recorded. I now hand the conference over to Mr. Jose Jacob, Chairman and Managing Director, Antony Waste Handling Cell Limited. Thank you and over to you Mr. Jacob!

Jose Jacob: Good afternoon and a very warm welcome to everyone present on the call. Along with me, I have Mr. Subramanian – Group CFO and SGA, our Investor Relations Advisor. I hope and pray for your continued safety, health and security as well as that of your families. Our investor presentation is now available on the stock exchanges and the company website. I am happy to report that we have another record breaking quarter in terms of revenue exceeding previous quarter high due to growth in tonnage from both commercial and residential areas in which we operate. We believe the impact of third wave of COVID-19, mainly Omicron variant is not very severe and economic activities have started to normalize sooner than expected. In the future apart from the normal realization of economic activities new contracts will enable volume growth for our company.

Now moving onto business performance, Municipal Solid Waste Collection & Transportation project. In this service, we have 13 ongoing projects and in all the regions in which Antony has operations are showing signs of positive growth. Our Municipal Solid Waste Collection & Transportation business registered a year on year volume growth of 13% in Q3 FY2022 and on a sequential basis it registered a growth of 3%. I am pleased to report that during quarter our wholly owned subsidiary AG Enviro Infra Project Private Limited was awarded a 10 year Municipal Solid Waste Collection & Transport Contract to disposal site and operation and maintenance of equipment, machineries from the City Zone and Sadar Paharganj of North Delhi Municipal Corporation. This contract is for the collection and transportation of approximately 1000 tons per day. This contract has dual revenue, we will not only will be getting paid on tonnage handled, there is also a user fee collection model. The user fee collection will be split in 85:15 between NDMC and AG Enviro. Waste generators will be charged fee by the operator for the door to door collection and transportation of solid waste from households, commercial shop, establishment, and bulk waste generators under the user fee collection revenue model. NDMC will part fund a portion of the capex while AG Enviro will fund the remainder. We expect the contract to start

operation by May or June of the current year, but few wards can see some operation as early as end of February itself. It depends on the ability of corporation to provide us the said equipments.

Coming to the Municipal Solid Waste Processing Project, for the nine months period ending 2021: we have processed approximately 10.61 million metric tons of waste in our Municipal Solid Waste Processing Projects which include both Kanjurmarg, and Pimpri-Chinchwad since inception. The greater Noida bio-mining activity billing will commence in the current quarter of Q4 2022. The volume at our waste processing business grew on a year on year basis by 6% in Q3 FY2022 and on a sequential basis; it has improved by 4%. In Kanjurmarg, we have commenced bio-mining our first cell in order to convert its contents to compost and RDF of further sale. The activity was slightly delayed due to the late exit of monsoon in this part. Our Pimpri-Chinchwad waste-to-energy project is on track and plant is schedule to be fully operational by March 2023. During the quarter the board of director of Antony Lara our material subsidiary has approved the conversion of 3.5 lakh convertible preference shares into fully paid up equity share at 1:1 ratio. As a result of this corporate activity, the controlling interest of Antony Waste Handling Cell Limited in Antony Lara has increased from 63.04% to 73%.

Also during the quarter Antony Lara has been recognized by the CII with the prestigious merit for excellence in managing municipal solid waste in India. This award recognizes our entire team's dedication to all of our plants as well as all of our support function. This award is dedicated to all our employees who have always done their job even in the face of adversity such as the COVID-19 pandemic. Additionally, during the quarter, the result of Swachh Bharat survey was announced and I am happy to inform that the few of cities in which our company operates that is Noida, NDMC, MCGM, among the others have scored high ranks. It is our continuous endeavor to provide quality service to our clients and help them in the path of sustainability and proffering a better quality of living to its residence. This is from my side. I now hand over the conference to Mr. Subramanian our Group CFO.

NG Subramanian:

Thank you Jose. Good afternoon everyone and thank you for joining us for our third quarter 2022 earnings conference call. The year 2021 has been an eventful year at Antony Waste. We have completed our first year of being a listed entity and during the calendar year that is 12 month ending December 2021, we have processed approximately 1.9 million tons at our Kanjur facility. This is the highest tonnage being processed at our site till date. The year has also seen the company build on organic growth and also build on three new contract namely the greater Noida bio-mining, Jhansi and the recent NDMC C&T contract.

During the third quarter ending December 2021, the company reported operating revenue of Rs.148 Crores up 26% year on year and total revenue of around Rs. 165.8 Crores which is up by 30% on a year on year basis. Sequentially, these are up by 4% and 5% respectively. The growth in core revenue was driven by tonnage increase in both commercial and residential areas in which we operate.

Operating revenues increased by 36% to Rs. 422 Crores for the nine months period ending December 2021 compared to Rs. 309 Crores in the same period last year. While total revenue for the nine months period is up 38% at Rs. 474 Crores. Consolidated adjusted EBITDA has registered a marginal growth of 1% to Rs. 43 Crores in Q3 FY2022 compared to Rs. 42.4 Crores in Q2 FY2022 with the EBITDA margin being 26%. The EBITDA was impacted by provisions made on account of our conservative approach towards delay in reconciliation of billing in the user selection fee model projects. The provision under these is to the tune of around Rs. 6.8 Crores.

Let me put some colour on this. Based on the new billing model of the user collection charges, our revenue recognition is from the household and commercial units especially in the project of Varanasi and Jhansi and also in Noida. In collaboration with our clients and as per our tender conditions, we have implemented a more transparent technology to aid in the processing of error free billing by adopting GPS enabled geo-fence and a RFID based billing processor and have moved away from manual entry. The reports and bills generated from our system need to tally with property card records and property description of the corporation. We have noticed some discrepancy with respect to the same. The company has decided that till the time corporation systems are not updated and reflecting the ground picture, that we will go with the Corporations' record for billing purposes. Though this does not entail any additional operating cost for the company, what this means is the conscious deferment of revenue to the tune of approximately 3 to 5% of that particular site or approximately around Rs. 5 Crores per annum. We are confident that the same will be addressed in the forth coming quarters. Please note that there is a potential increase in revenue as and when the scope of our work in Varanasi & Jhansi get enhanced. Currently we are providing services in 90 odd wards and there are 30 odd wards where our services can be started but the pending facilities have to be provided by the Corporation. Furthermore, in the case of user selection fee model we have adopted a policy to fully provide for bad debt reserve in those cases where bills remain unpaid for more than 180 days. As a result of these we have taken a provision of approximately Rs. 6.8 Crores at the consolidated level for the quarter ending December 2021. We are collaborating closely with our clients to help smoothen and speed up the billing process, as well as improve its accuracy and ease of verification

Additionally, during the quarter, employee costs has risen by 9.2% seq., part of the increase is on account of revision in minimum wage rate and change in categorization of our employees and the same will be reimbursed to the company in subsequent quarters by the respective municipal corporations. Also, the increase in employee cost is due to the increase in headcount due to the scaling up of our operations in Jhansi.

For the nine months period ending December 2021, the adjusted EBITDA stood at Rs. 127 Crores with 27% margin. Profit before tax was Rs. 23 Crores for Q3 FY2022, 14% of total revenue and for nine month it was Rs. 79 Crores or 17% of total revenue. Profit after tax stood at Rs. 19 Crores for the quarter ending December 2021 and for the nine months period it is Rs. 65 Crores. Please note that the year what had lower tax provisions due to losses incurred amidst pandemic situations.

Coming to business wise performance our MSW C&T revenue is up by were 4% to Rs. 109 Crores during the quarter as compared to Rs. 105 Crores in the last quarter. The growth was on account of increase in total MSW C&T volumes by 3% sequentially. Processing revenues are up by 5% at Rs. 39 Crores versus Rs. 36.5 Crores in Q2 reflecting a 4% increase in tonnages being processed on a sequential basis. On the balance sheet front our net debt to equity as of December 31, 2021 was maintained is 0.2x. The total debt as of December 31, 2021 stood at Rs. 143 Crores compared to Rs. 150 Crores on March 31, 2021. Our net debt as of December 2021 is at Rs. 79.4 Crores. Net worth has improved to Rs. 507 Crores as of December 2021 versus Rs. 443 Crores in March 2021. The improvement in our overall credit profile of the company has resulted in lowering of average cost of borrowing at a consolidated level of approximately 380 bps. Our receivable date as of December 31, 2021 stood at 74 days and this is critical metric that we would like to watch out for. Our capital return metric remains strong with a return on capital employed of 19% and our return on equity at around 16% as of December 2021.

Now, an update on the search conducted by Income Tax department officials at our Company's and our subsidiary companies' premises. There is no additional request or inquiry from the tax authorities and we are still waiting for their response on this matter, and we will keep the stock exchanges updated. We would like to reiterate that the proceedings have had no effect on the Company's operational performance.

That's it from our side, now we can open the floor for Q&A

Moderator:

Thank you very much. We will now begin the question and answer session. The first question is from the line of Hardik Jain from ISJ Securities Pvt. Ltd. Please go ahead.

Hardik Jain: Thanks for the opportunity. Sir our major cost is fuel so most of our contract do they have escalation clause in them because fuel cost has increased a lot over past one year or something.

NG Subramanian: Good evening Hardik. Yes all our projects have escalation clauses. Approximately 45% of my projects are fixed escalation and the balance 55% has variable escalation. The escalation captures the changes in fuel, labor cost and also miscellaneous items. The contracts are normally having annual escalation. Over the last 3 to 4 years what we have noticed that newer contracts have escalations which are half yearly and sometimes even monthly or quarterly.

Hardik Jain: And now most of our project like MSW, C&T project of Thane which actually expired in 2020 but is under extension likewise Navi Mumbai is about to expire in 2022, Mangaluru again in 2022 and some of the projects are like Noida, zone 1, zone 2 and all of this projects have expired, but they are under extension so what kind of clarity do we have that whether this contracts will be extended for next 5 to 7 years and how should we see this contract which are actually expired, but are under extension.

Jose Jacob: These contracts have expired and it is under extension. One reason was because of COVID; they had called for a fresh tender, but they could not because of the pandemic issue, but now they will be drafting the tender so I think we may get an extension of maximum another one year and when the tender comes out, bid comes out we will definitely bid and try our level best to win back.

NG Subramanian: Normally Hardik our ability to renew like the ones in Navi Mumbai, NDMC and even in MCGM areas is high. Example being the latest one where we renewed was in NDMC where we are doing part of the zone. We were working in Safdarjung area and now, when the tender was brought in, we managed to bag the entire zone at a higher tipping rate and also the increase in scope of activity.

Hardik Jain: And my next question is Sir we have around 12 lakh compulsory convertible preferential still outstanding so by when this can get converted?

NG Subramanian: Hardik these were outstanding as of December 31, 2021 after that consequently in the first week once the demat accounts and everything was opened we got those shares converted. So as of today there are zero convertible preferential shares in Antony Lara. The entire thing has been converted.

Hardik Jain: In Pimpri-Chinchwad how much amount we will invest over next year and what kind of revenues we can expect over a long term from Pimpri-Chinchwad project.

NG Subramanian: So we have an incremental capex to the tune of Rs.84 Crores which would be spent over the next 12 to 15 months that is what we estimate to be the range and normally we do not comment on the size of site wise revenue generation model, but it is very simple to look at it on the tonnage and on the rate of unit that we have bid at, so at Pimpri-Chinchwad the revenue source is dual, one is from the tipping fee which is at around Rs.504 per ton and we are managing and handling around 1000 tons per day. Further the plant at its peak would be generating around 14 megawatts of total power, the net metering would be around 11.5 megawatts and these units will be sold to the corporation at Rs.5 per unit fixed for the entire tenure of 21 years.

Hardik Jain: Thank you Sir. I will get back in the queue.

Moderator: Thank you. The next question is from the line of Anupam Gupta from IIFL Capital. Please go ahead.

Anupam Gupta: Good evening Sir just a couple of questions. Firstly on the PCMC capex, we have not seen any uptick in the last few quarters there at all and given that we have a commissioning dead line of March 2023, what is the status as of now, how much is invested and how will you ramp it up over the next few quarters.

NG Subramanian: Good evening Anupam. We have invested approximately around Rs. 7.5 to 8 Crores in the last quarter. The reason for the delay was the withdrawal of monsoon in the western side of the country was long so the civil activity could not get started at the pace that we have liked it, but happy to inform you that mid November onwards the pace has increased and we are still holding good to the timelines that has been given to us by our contractors. So we expect the project to not have any additional time overrun in this aspect and we are actually looking at options to crash this project, save us for more time and also we will try to incentivize the contractors if they are able to bring the entire project to fruition in the timeline that has been given to us by the corporation.

Anupam Gupta: What is the total capex it has happened till date including last quarter?

Jose Jacob: Around Rs. 36 Crores.

Anupam Gupta: You have a total of Rs.240 Crores to invest right?

NG Subramanian: Right that is the total capex including the capitalized interest, capitalization and everything so we are very much in line with the speed and activity.

Anupam Gupta: So as of now we should not build in any delay there?

- NG Subramanian:** We are not building any delay over here.
- Anupam Gupta:** Secondly if I look at your overall escalation so let us say as on December 31, 2021 what proportion of cost would be left to be passed on to customers through escalations?
- NG Subramanian:** Normally bulk of our revenue escalation kicks in from February, March onwards so based on what has actually been passed and given to the company in view of escalation I would say around 60% of my revenue escalation has been given to the company, the balance 40% revenue will be given escalation from February onwards.
- Anupam Gupta:** So let us say if I were to take in terms of margins if entire thing would have happened in third quarter the margins would have been higher by what proportion, what percentage point probably?
- NG Subramanian:** See bulk of it is collection and transportation so we would be slightly better off in the range of around at least 80 to 120 bps.
- Anupam Gupta:** So basically fourth quarter margin then should look much better than third quarter given that escalation will come through?
- NG Subramanian:** Yes the margins in Q4 should be slightly better than Q3 margin for us.
- Anupam Gupta:** Okay and just one last question on the sort of provisions, which you have detailed here so obviously a part of these you would have known that these will happen even before you ended up accounting for these in the end of the quarter. So what would help is we get slightly better idea or better contract this thing so that we have a clarity of what sort of margin trajectory can happen because upfront guiding of these things would actually help?
- NG Subramanian:** Definitely, Anupam what has happened is we have not only actually had a physical count along with our own team and technology platform but we also involved health officers of the particular wards and the corporation and they are have physically verified, so So there is still a discrepancy in the accounting norms of how property cards are issued and described as compared to the physical count, so this is in view of the delay in the census numbers and the counts, which gets ratified over a period of time so what we have done is we have launched our billing based on actual numbers but we are going ahead with billing the receipts based on what the corporations have in their record as of today, so if there is any reconciliation that happens in the future, we expect to get a retrospective effect for the same. It is too early for us to say by when will this activity be commenced and completed.
- Anupam Gupta:** Right. Okay. That is all from my side. Thank you.

Moderator: Thank you. The next question is from the line of Jigar Shah from Maybank. Please go ahead.

Jigar Shah: Hi good evening. Thanks for the opportunity. My first question is regarding your carbon footprint so you employ a lot of vehicles for carrying of the waste, the transportation, also I think the waste processing generates a certain amount of emissions so can you give some idea about the emission profile of the company and what is the strategy to tackle that?

NG Subramanian: So yes we are very aware of the kind of impact that we are having on the environment. If you look at our business, you can segment it into two parts, on the collection and transportation business what the company has adopted is all the primary collections which are basically smaller sized vehicles those are now being migrating out of the diesel fuel based injection into CNG/electronic vehicle. The company is planning to increase its EV footprint on the smaller sized components a bit. Unfortunately the large size compactor and our fork lifts and specialized equipments still continue to use diesel as their main fuel. So unless and until I get support from the automobile industry to replace the large engines I would still be relying on them, but the smaller sub-1 ton machines will be shifting to a CNG or EV footprint on an aggressive mode. The company has just gone ahead and purchased 40 more EV vehicles to be used across sites. On the waste processing in Kanjurmarg for example we have waste to energy component wherein 0.97 megawatt of the power is generated from the landfill gas that gets captured and tapped internally so that entire thing is captively consumed. So to a great extent the methane emission is controlled. In the waste to energy section at Pimpri-Chinchwad which is under construction, the entire waste will be controlled, converted into green energy and will be pumped back to the grid through the corporation. We will be shortly publishing our ESG report which will quantify these numbers and will be open for scrutiny from any other third party that wants to look at the same.

Jigar Shah: One more quick question what are the practices of other waste management companies or their models which you would have seen outside India which you admire and what over a period of time can be incorporated over here?

NG Subramanian: What we actually like abroad and I sincerely hope the same gets implemented in India is the level of segregation. In India what we collect is highly mixed form of waste, both wet and dry waste gets mixed and handed out to the waste operator. Globally the dry waste, the wet waste, the recyclable waste are given separately so that is easy for the end operator like Antony Waste or Waste Management Incorporated to extract resources in a more efficient manner and reduce the impact on the environment. So the waste that ends up in the landfill significantly of an inert nature than what happens in a developing economy especially in countries like India where segregation is still to be rolled out on a serious footing. So that is one thing that we are watching for maybe the government will crack down hard and demand

higher levels of segregation, the need to segregate into various formats and we have facilities to collect waste in segregated format but when the inflow of waste itself is mixed there is very little that a operator can do over here.

Jose Jaccob: We have also implemented RFID tags on our bins so we can read the locations like in collection and transportation which is being implemented vastly in Europe so we know how many bins are lifted every day. Our company is always looking forward for new technologies and ideas. Even our waste processing that is composting unit our material recovery facility is one of the best in the country because we adopted a similar facility which we have seen in San Francisco and our composting system which is also controlled totally by SCADA with zero human intervention due to which the quality of compost is very good and all the fertilizer company is appreciating and they are buying and there is huge demand for it. So basically at Antony Waste we always look outside what are the best technology being implemented and cost effective, here cost also plays a very sensitive role in our market so that is what we are adhering presently.

Jigar Shah: Thank you and wish you all the best.

Moderator: Thank you. The next question is from the line of Nikhil Chaudhary from Kriis Portfolio Pvt. Ltd. Please go ahead.

Nikhil Chaudhary: Thank you for the opportunity. Sir I wanted to understand a more bit on the user collection model, apologies if it is a repeat because I joined a bit late so can you explain it like if this model continues the risk of receivables can this be something that probably continues going forward or is it just one-off thing, I heard something that integration is pending in respect to the corporation and your system so is this one off thing or this is a risk in this model?

Jose Jacob: User collection model globally in many developed countries it is already going on, so in India it has just been recently implemented in many municipalities. In Noida where we are doing presently collection transportation we have a user fee model. So going forward this will reduce the stress on companies like us for receivables and being totally dependent on corporation so part of our risk will be reduced and we will get pay from the commercial, housing and all that and as year goes by I think user fee may increase and it can reach to a level where the company just need not be dependent on corporations for payment but this is a start and which is a good start for our industry.

NG Subramanian: Just to build on that so these are teething problems so when you were to do actual survey of a zone or a ward and if you were to actually do a count of the households that normally has a lag effect when you look at the property rate cards in different cities. So we have learnt it wherein we need to take the corporation together and verify the counts so that we avoid such

kind of overstatement and then provisioning kind of an issue so this is something that we have learned. We do not foresee similar activity to happen in future because we have got the consensus along with the corporation department heads that these are the counts and this is what is going to be. Till they time verify it there would not be any significant swing in the revenue recognition pattern.

Nikhil Chaudhary: Understood. Just a bit of clarification in the user fee collection model you collect or the user pays it to the corporation and then they share it with us?

NG Subramanian: Sorry we could not get the question clearly.

Nikhil Chaudhary: I was just trying to understand the user fee collection model, is we do not probably collect it from the commercial shops and the end users, it is corporation collects it and then it is shared with us right?

Jose Jacob: We collect it as a company the collection scope is given us, so we have our team to do the collections.

NG Subramanian: Whether you collect it and keep it with yourself or you collect it on behalf of the corporation and hand it to the corporation, is determined by the scope of the tender itself.

Nikhil Chaudhary: Okay because I was trying to think like if it is a one party collection like if you have to collect it for the corporation we just have to deal with one party, here we have to deal with several users in this model so I was just trying to think like how probably going forward will it not be a more challenging task for us or like this is the way forward that is the intent to work.

NG Subramanian: Normally in user collection models as in other areas we have the A, B, C kind of a structure where 80% of your revenue will be contributed by 20% of the generators, which would be commercials and other large generators. The residential units will be smaller, there will be definitely numerous but the impact on the revenue will not be very significant. So this is like your Mahanagar Gas or any of the utility bills, it is something which is happening for the first time in the country and so till that time there is a very easy and a smooth process there will be some hiccups over here.

Jose Jacob: So what we have noticed is in user fee people are willing to pay, so that is like you have to just pay a fee of Rs.50 per month so it is not a big money and when we go to society we get paid from the society we do not go to each and every house.

Nikhil Chaudhary: Okay understood. That is it from my side. Thank you and wish you all the best.

Moderator: Thank you. The next question is from the line of Manav Vijay from Deep Financial Consultants. Please go ahead.

Manav Vijay: Yes thank you very much Sir. Sir my first question is regarding the NDMC project that we won last quarter, so Sir Rs. 1000 Crores project 10 years, so first of all would it be safe to assume that it would be Rs. 100 Crores per annum?

NG Subramanian: It is a fair assumption to have.

Manav Vijay: Second question regarding to that so we were already involved I would say in the NDMC region and we were already doing some so would it be possible for you to quantify as to what would be the incremental revenue or we should assume Rs. 100 Crores per annum as the new revenue from the contract?

NG Subramanian: I think it is a fair assumption because we do not normally get into site-wise details but we are okay with the statement of incremental annual revenue once the project starts at full throttle to generate annualized revenue in the tune of around Rs. 100 Crores.

Manav Vijay: Would it be also possible for you to tell out the capex involved in this project?

NG Subramanian: In this project we estimate the total capex to be in the range of around Rs. 101 to Rs. 107 Crores, we are just getting it in the last final bid because of the price escalation that is likely to happen from March 1, 2022 or June 1, 2022 as the case maybe. Approximately around Rs. 30 odd Crores will be funded by the corporation, the balance the company would need to fund the same.

Manav Vijay: Okay so approximately Rs. 70 Crores is what you will spend between Q4 and Q1 put together?

NG Subramanian: Depends as and when the corporation provides this but yes we would like to get the entire thing done before the monsoon starts.

Manav Vijay: In terms of let us say step up function like the way we have in Kanjurmarg there is no step up function over here so when you say you will have to collect 1000 tons per day from these areas so this starts from day one?

NG Subramanian: Normally the scale up of operations starts zone wise or ward wise so it is not that from the press of the button the 1000 tons start kicking into your system. It is a gradual process. You slowly roll out your machinery, you gather more and more equipment, you put them on the ground, you start taking over the control of those wards. It takes normally 3 to 6 months for

the entire mobilization to happen. We expect the start of work by somewhere end of February onwards and the 100% scale up to be done before May end or even June. If things go as per schedule, by June end we should be 100% on the ground.

- Manav Vijay:** That means from Q2 we will have full revenue from the contract?
- NG Subramanian:** If everything goes as per plan and we are able to mobilize the asset, there are no hiccups on the delivery of equipment yes.
- Manav Vijay:** My second question is regard to some of the one offs that you have made in this quarter so for this Rs. 6.8 Crores provision that you have made so this is one time and going in Q4 or further quarter we will not get to see this kind of provision and you will get a refund of this amount and the timelines are too difficult to estimate, is that a fair assumption?
- NG Subramanian:** That is a very fair assumption. Of the 6.8 Crores we are very positive up to Rs. 1.2 to Rs. 1.4 Crores to be reversed by the end of the current quarter or may be the first quarter itself because that work has already been started and that is getting verified, but the pace is something that we would not like to comment and build at this stage.
- Manav Vijay:** So these Rs. 6.8 Crores is a onetime provision, Q4 or Q1 we will not have similar kind of hit?
- NG Subramanian:** Yes it is one time provision for the cumulative work that we have done in these sites. It is one time provision that we have taken.
- Manav Vijay:** Okay now is it possible for you to also quantify the increase in employee expenses because of the minimum wages and the categorization and everything would that be possible for you to..
- NG Subramanian:** The increase in minimum wage and the categorization that has had an impact in Q3 is to the tune of Rs. 2.28 Crores. The entire amount is being reimbursed in Q4 by the corporation.
- Manav Vijay:** So you will get this money back in Q4 only?
- NG Subramanian:** Yes.
- Manav Vijay:** Okay fair enough. I would say in Q1 and in Q2 call you mentioned that roughly 65% of your contract got renewed in terms of price escalation and then in Q4 I would say H2 we should have revision on the remaining contract, now what you mentioned in one of the earlier participant question is that the February is when we should have the price revision for the

remaining 35%, now going forward that is how we should be building in as to let us say may be by May or June we will have 65% and then by February we should have 100% revision?

NG Subramanian: Assuming that I do not bag any new contracts and there is no significant change in my revenue contribution from these projects that this assumption of yours will stand good, but what we foresee is when NDMC and Varanasi kicks in and even Jhansi kicks in, in a bigger way the escalation matrix will slightly change. We will definitely update the team as and when these things happen.

Manav Vijay: Sure. Okay Sir my next question is regarding these three projects that there is a mention so Varanasi, Jhansi, and Greater Noida mining projects so my understanding is that these projects are supposed to add close to Rs. 9 to Rs. 10 Crores per quarter to your topline and I was expecting that we should have this number in this quarter, Q3 that just went by, now the quarter-on-quarter jump in revenue I believe Rs. 4 Crores, so now in Q4 we should have all these three projects in full operation and the consequent revenue to that?

NG Subramanian: We expect yes Greater Noida to be 100% on for Q4 similarly Jhansi we have rolled out all the machines that have been given to us by the corporation. If you remember Jhansi is the project where the capex has been funded completely by the corporation. They have not handed over the entire capex so whatever the capex that have given we have utilized it but it is still not serving our purpose so we expect additional assets to be added over by the Jhansi corporation shortly, so as and when those assets are deployed you will see a spike in our revenue. In Varanasi yes what we are seeing is almost 80%, 85% of our peak revenue so we want to just get it confirm once again with those corporation agencies and the department before we jump the full throttle here.

Manav Vijay: So between let us say Q2 and Q3 one of the major item that has changed in your P&L is the decrease in the diesel prices of close to 8% to 9% because of reduction in taxes, now that happened closer to end of Q3, so in Q4 we should get to see the full benefit of that because fuel is approximately 19% to 20% of the total cost?

NG Subramanian: Except for Nagpur and PCMC which has a monthly escalation all the other projects have mostly half yearly or annual escalation so the escalation which has kicked in today I will be able to enjoy it for some time. The benefit of lower fuel cost is also offset partly by higher wear and tear of the machines because age of the machine also catches up so the benefit from a lower fuel price in the interim or any small benefit that we might get I am being very cautious and conservative here, might get slightly offset by slightly higher repairs and maintenance cost as we go towards the middle of the life of these projects.

Manav Vijay: Sure. Thank you all the best.

- Moderator:** Thank you. The next question is from the line of Depesh from Equirus Capital. Please go ahead.
- Depesh:** Hi Sir. Thanks for taking my question. Sir on PCMC capex you highlighted that only Rs.36 Crores is the capex that is done till now and nearly Rs.200 capex is pending so wanted to check what kind of capex you can do in fourth quarter itself and given the timelines do you think you will be able to commercialize the contract by March 2023 given that during the monsoon period you will not be able to do any major capex?
- NG Subramanian:** Bulk of the civil work has got completed now and before the monsoon and we already started with the plant erection from 27th January 2022. We do not foresee a significant delay or any change in the timelines because of the monsoon and we hope that as per the schedule and the plans that we have internally along with the contractors, who are Hitachi and ISGEC, we should be able to complete bulk of the work before the calendar year or maybe fourth quarter of the current financial year.
- Jose Jacob:** So Depesh what is happening in this WTE project, the civil work, the construction work that is completed which gets affected by monsoon but the remaining part which is sheet metal work like the boiler everything is built in the plant if ISGEC for any other company. So we have to just supply and assemble and erect it in our site and like the boiler come maybe one and one-and-a-half, two months they will come and erect it and there will be a testing and so erection work will be going on more rather than civil work.
- Depesh:** Major of the Rs. 200 Crores will be major of this machinery which we install at a particular time right so maybe like fourth quarter FY2023 you can see the entire capex is coming in one go is that the right way to look at it?
- NG Subramanian:** It is spread over two or three quarters but yes bulk of it will happen in the current calendar year itself.
- Depesh:** Got it. Understood and Jose Sir now that the COVID situation seems to be improving are you seeing or expecting any improvement, any acceleration in the new tenders that are coming in if you can talk about the pipeline that you have?
- Jose Jacob:** New bids are being under process. Tenders are being prepared. Actually for one or two states where there is code of conduct going on for the next one and one-and-a-half months everything is kept on hold so once those states open up there also their bids are coming out, so we foresee there are a lot of opportunities in coming months for new contract.

Depesh: Understood and just a followup on the previous question. Will there be any penalty clause if you delay the WTE commissioning if it does not happen in March will there be any penalty for that?

NG Subramanian: There is no financial penalty but it is on our own benefit to get it done at the timelines that we have committed.

Depesh: Got it and lastly Sir the debtor days have been increasing in the last two quarters so if you can highlight anything which is relating to this?

NG Subramanian: Actually that is as per our expectation and we also had highlighted in the past. Many of the corporations over the last two years because of COVID they have not done any other activity in the development space that they were expected to do, so there has been a shift in the fund allocation. This is in line with their developmental plans so this does not come as a surprise. The new budget allocation for example that has been announced by MCGM and even other corporations are in very much in-line and they are showing higher outlay in the waste management and waste water treatment businesses, so we expect these numbers to stabilize at these levels.

Depesh: What are the long term receivables and one or two municipalities where we were having some long debts are we getting the money on time and what is the thought process there?

NG Subramanian: Both the clients are paying us on time on the routine expenditure and there have been special grants that they have asked from respective state governments to bail them out because these corporations are using their surplus fund for COVID-related activity. In order to replenish their corpuses they have reached out to special department grant and those paper work are in place.

Depesh: The contract is basically getting over in March 2022 I think the south based contract, if we do not continue that so how will the money come, will that come in one go or like it will take years and years?

NG Subramanian : Contract has been extended by another year, applicable for another year. The city is yet to come out with a new tender and we will be definitely considering that. Till then, its status quo.

Depesh: Got it Sir. Thank you and all the best.

Moderator: Thank you. The next question is from the line of Jigar Mistry from Buoyant Capital. Please go ahead.

Jigar Mistry: Thank you for taking my question. Sir just mentioned at the start of the opening comments that bio-mining at Kanjurmarg has started, the activity was delayed due to the late exit of monsoon, can you just sort of apprise us on what sort of numbers could we look at on a full year basis once this fully starts?

Jose Jacob: This bio-mining activity is part of a design where bioreactor landfill we bring in waste and we see to that it is kept for the next five years for decomposition and after five years we have to empty it out. So it is a part of our technology and we have to do the bio-mining to vacate that waste so that fresh waste can come in. But when we mine we get soil conditioners like composed materials, we get plastics which has a recycle value at the same time we get RDF where there is demand for the cement factory, but there is a cost also for mining, the revenue pattern changes. Now in the past cement factories used to pay not more than Rs.600 to Rs.700 per ton but now they have crossed Rs.2000 per ton so the pattern wears as time pass by.

Jigar Mistry: So it was my estimate that RDF we could be between Rs. 2000 and Rs. 300 and 500 tons per day we could be looking at something like Rs. 30 Crores or maybe Rs. 20 odd Crores on a per annum basis and composed when fully mined at between 800 and 1000 tons per month we could be probably looking at much higher number like 4000 plus, so combined what sort of revenues if you could actually report something like I think between Rs. 65 and Rs. 75 Crores per annum?

NG Subramanian: That is a very safe assumption I would say, but it all depends upon our ability to bio-mine the entire cell one for example within the non-monsoon period. Now over the last two years that has been tricky for us due to longer monsoon spells. That is something that we have not accounted for, but on annualized basis what you are saying are achievable numbers.

Jigar Mistry: Right so Rs. 70 odd Crores of EBITDA just from the bio-mining on an annualized basis?

NG Subramanian: If everything goes well the prices of coal remains as high as today yes.

Jigar Mistry: Thank you so much.

Moderator: Thank you. The next question is from the line of Anurag Patil from Roha Asset Managers. Please go ahead.

Anurag Patil: Thank you for the opportunity. Sir out of this Rs. 200 Crores remaining capex of PCMC and the Rs. 70 Crores of Delhi how much will be funded through debt?

NG Subramanian: Of the Rs. 200 odd Crores of PCMC, Rs. 170 crores would be through debt that is for waste processing contract. In case of collection and transportation business normally around 90%

to 95% of the total capex is debt funding which comes to us at around 7.75% to 8.5% cost of borrowing.

Anurag Patil: So for New Delhi Rs. 70 Crores it will be majority debt?

NG Subramanian: Yes.

Anurag Patil: Now next year New Delhi contract from FY2024 again PCMC will come into the picture so what sort of revenue growth we can expect new two years?

NG Subramanian: If everything goes well we should be able to show at least 30% topline growth. We are in the process of just putting those three set of budgetary spreads so once we close our current fiscal year when we are making our Q4 numbers we will be happy to share our projected target numbers that we have set internally. We will be happy to share with investor presentation.

Anurag Patil: Okay Sir. Thank you very much.

Moderator: Thank you. The next question is from the line of Rohit Ohri from Progressive Share. Please go ahead.

Rohit Ohri: Hi Sir few questions. First one is hypothetical one considering that X city is having an operator and the operator is not performing the business quite well the municipal corporation says that the contract is void or it is cancelled. Under such circumstances what would be the approximate time that it would take for the contract to be transferred to another operator including the tender timing as well as the survey and then the commencement of the project?

Jose Jacob: Usually if an operator is not operating and if they have to terminate which is also very difficult task for the municipality because once you terminate a new operator when he comes he takes around 7 to 8 months to bring his own vehicles and trucks, compactors and bins and everything, so it becomes a 12 month time, roughly 12 months is required.

NG Subramanian: Around 3 to 4 months for the new tender to be put in, bids to be put in and scrutinized and awarded another three to six months for the new operator to mobilize his assets and roll it out.

Rohit Ohri: Any such contracts or tenders which are there floated in the market as of now?

Jose Jacob: I have not seen anything much because see once you terminate then somebody has to lift the base and having an alternate arrangement then they have to lift through open dumpers and all that which is sometimes really very difficult.

NG Subramanian: What we are seeing over the last 10 years is lot of the cities that targets A and B category cities they normally have a very set tendering process wherein rarely we see serious derailment in the operation of such essential services. Normally there is a very strong feedback mechanism where the operators are pulled up for nonperformance and there are feedbacks given and things are taken up and that information is already there in the market scenario so it normally does not come as a surprise to operators in this industry in certain large cities when the new bids are ordered or the existing contractor gets terminated so there is always a process of getting this thing done.

Rohit Ohri: My second question is related to Mazaya waste management in UAE which is also our joint venture as well as our noncurrent investment can you take us through the rationale for these investments?

NG Subramanian: In Mazaya this was something that the company had explored in early 2014 or even before that, this was pre-Lehman crisis so there was an opportunity where we could get a license to operate waste management solution in the area and the company had got the license. Now post the Lehman crisis the entire activity especially in that GCC area went for a toss and the company decided to close those operations and scale down their operations completely so that is the background of the story. The company had invested some money to the tune of Rs. 3 odd Crores and the entire money was provided by 2014-2015 itself and after that we have had no interaction whatsoever with that entity.

Rohit Ohri: So this Rs. 3 Crores is the asset for sales which lies in our balance sheet as well is it correct?

NG Subramanian: No, this entire amount has been provided for is not asset for sales now the reason we cannot write it off because we need to provide audited numbers for both entities to justify the claims of the Central Bank of India. Now we are not able to reach out to the agencies in the local country because those operations are completely being pulled down and nothing whatsoever there so finding a reasonable mechanism where we can approach the Central Bank. We have already asked Deloitte to help us out in addressing the same issue so we do not foresee any significant issues here, but the procedural part is what is stuck and that is what will be the company's trying to get the same addressed.

Rohit Ohri: Sir this Rs. 3.3 Crores asset for sales is generated to what if you can elaborate?

NG Subramanian: These are old assets of all old projects that the company had in MCGM area and in NMMC. These were old contracts. Now the vehicles of these contracts have either been used as backup in other vehicles and they have passed the prime area so these are asset held for sale. We have provided for them completely and these are just the scrap rate that we are having based on

the current scrap steel prices. So once we get all clearance certificates from the local RTOs the same will get scrapped and they will be exiting from the books.

- Rohit Ohri:** Okay Sir. Thank you for answering the question.
- Moderator:** Thank you. The next question is from the line of Ketan Chheda a retail investor. Please go ahead.
- Ketan Chheda:** My first question is with respect to the project expenses and the other expenses so if I look at the nine months number for FY2022 and FY2021, there is a significant jump in the current year so I wanted an explanation of what constituted this, this could be a start of new project or some fuel expenses or some kind of expenses, so I wanted an explanation on this increase, what was the reason for the increase?
- NG Subramanian:** Yes the contract expenses are related to my waste processing project that we are ongoing and represents the capital expenditure. These monies are mainly at our waste to energy project in Pimpri-Chinchwad. So as and when I book capex at Pimpri-Chinchwad that same thing gets reflected in my contract segment which has seen an increase that you are mentioning and these are very low margins because these are basically book entries as per the IND-AS accounting norms so you will not see a significant contribution coming from the capex. that I am doing and that is what is getting reflected as my contract revenue in this part.
- Ketan Chheda:** Whatever spend you are doing would be shown as per either project expenses or other expenses?
- NG Subramanian:** Yes.
- Ketan Chheda:** Okay fine and my other question would you be able to provide some kind of guidance for the free cash flow for FY2022 and 2023 would that be possible?
- NG Subramanian:** Sorry I missed out on the question you are looking at what?
- Ketan Chheda:** Guidance on the free cash flow for FY2022 and FY2023 would that be possible?
- NG Subramanian:** So if you were to remove my waste processing part I would be looking at around Rs. 70 to Rs. 80 odd Crores of free cash flow from my collection and transportation business, but if you were to look at the consolidated part my free cash flow generation will not be positive because of the upcoming Rs. 170 odd Crores of capex at Pimpri-Chinchwad and the Rs.70 odd Crores of capex that has been planned at NDMC contract and I am talking about annualized numbers over here so it is going to be in that range. So if I do not bag any new

contracts, and if I do not execute any new projects I would be a debt free company in less than four quarters.

Ketan Chheda: Okay. Thank you so much.

Moderator: Thank you very much. I now hand the conference over to Mr. Jose Jacob for closing comments.

Jose Jacob: I take this opportunity to thank everyone for joining the call. I hope we have been able to address all your queries. For any further information kindly get in touch with me or strategic growth advisors, our Investor Relation Advisors. Thank you very much.

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