

# Antony Waste Handling Cell Limited

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Date: August 16, 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 Friday, August 9, 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/2024-25/27 dated July 29, 2024 - regarding intimation of Earnings Call and AW/SEC/NSE/2024-25/32 dated August 9, 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 Friday, August 9, 2024, at 3:00 pm (IST) w.r.t. discussion of operational and financial performance for Q1FY25 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  
Q1FY '25 Earnings Conference Call”  
August 09, 2024

E&OE - This transcript is edited for factual errors. In case of discrepancy, the audio recordings uploaded on the stock exchange on 09<sup>th</sup> August 2024 will prevail.



**MANAGEMENT: MR. JOSE JACOB – CHAIRMAN AND MANAGING  
DIRECTOR – 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**

**Moderator:** Ladies and gentlemen, good day, and welcome to Antony Waste Handling Cell Limited Q1 FY '25 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 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 touch-tone 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 Q1FY '25 Earnings Conference Call. With me, I have Mr. Mahendra Ananthula, our Group President; Mr. Subramanian, our Group CFO; and SGA, our Investor Relations Advisors. Our investor presentation for Q1FY'25 is now available on the website of the stock exchange and also on our company's website.

We are pleased to report that we began FY'25 on a strong note with operating revenue for Q1 FY'25 reaching Rs.198 crores, reflecting an 11% growth compared to the same quarter last year. Our total revenue, which includes income from the sale of recyclables, Refuse Derived Fuel and contract revenue stood at Rs.232 crores.

This growth is driven by enhanced operational efficiency, higher tipping fees and increased revenue from fixed shifts, trips and household fees. Revenue growth was led by the sale of power generated from our Waste-to-Energy project, which was further supported by steady contributions from our new Collection & Transportation project in Panvel and power sweeping projects in Nagpur and PCMC.

For Q1FY'25, our EBITDA was Rs.55.3 crores, representing a 6% year-over-year increase with an EBITDA margin of 23.8%, in line with our expectations, reinforcing our confidence in the stability and long-term growth of our business.

I would like to express my admiration for the Government of India's recent budget announcement, which emphasizes a positive approach to urban development. The initiative to partner with State Governments and Multilateral Development Banks to improve water supply,

sewage treatment and solid waste management in 100 major cities is truly commendable. This strategic focus on bankable projects reflects a strong commitment to sustainability and financial transparency, ensuring long-term benefit for urban areas. Thank you, and I am now turning to the operational aspects. Let me get Mahendra in. Mahendra, over to you. Thank you.

**Mahendra Ananthula:**

Thank you, Jose. I would like to provide an update on the operational performance of Antony Waste Handling Cell. We are proud to announce a remarkable achievement with our Waste-to-Energy plant's Plant Load Factor reaching ~89% during the recently ended quarter.

This marks a significant increase from ~71% achieved in the previous quarter of Q4FY'24, reinforcing our confidence in the efficacy of Waste-to-Energy technology being used.

As we move forward, we remain committed to building on this momentum. This success is also making us confident to plan for more Waste-to-Energy plants in other cities. During this period, we successfully managed ~1.18 million tons of waste reflecting a notable 6% year-on-year increase despite completion of Mangalore C&T and Greater Noida Biomining project last year.

This growth was driven by the successful execution of newly acquired contracts, increased volumes at existing C&T sites and the rise in tonnage processed at our waste processing sites. In Q1FY'25, our PCMC Waste-to-Energy plant produced over 27 million green units, contributing to our mission of reducing dependence on fossil fuels and lowering carbon emissions. This accomplishment not only boosts our revenue growth but also aligns with our mission to foster a greener future through innovative management practices. We also achieved a record sale of about 34,000 tons of RDF in Q1 of FY '25, marking a strong 23% year-on-year growth.

This significant figure underscores the high calorific value of our RDF, making it an effective substitute for coal and helping cement companies meet their Alternate Fuel Requirement objectives. We expect this growth momentum in RDF sales to continue. Compost sales for the same period reached ~6,000 tons, with further improvements anticipated as the monsoon season progresses in Maharashtra and Gujarat.

Looking ahead, we are excited to announce the launch of our Construction and Debris project in Mumbai on 14th August. This initiative is very timely, given the increasing need for effective management of Construction and Debris waste in the region.

The establishment of our processing units will address these challenges and contribute to sustainable practices by recycling and repurposing debris, thereby reducing the environmental impacts associated with waste disposal. Furthermore, The Ministry of Environment, Forest and Climate Change recently issued draft guidelines for public consultation, supposing that property developers and infrastructure companies used 20% recycled materials in their projects, a strong positive for this area of waste management going forward.

We are deeply committed to addressing the challenges of Environmental, Social and Governance, that's ESG in short, in our business. Environmentally, we have made significant

strides by cutting carbon emissions, increasing recycling and optimizing resource use through innovative technologies.

In Q1 FY'25, our Scope 1 emissions were around 6,200 tons of carbon dioxide equivalents, and we avoided about 3,300 tons of carbon dioxide equivalents by switching to renewable energy, which is akin to removing 725 cars from the road for a year.

Socially, we engage actively with our employees and communities, boasting a diverse workforce of about 10,452 employees with gender diversity between 2% to 4% across sites. Our attrition rate remains low, supported by over 1,875 hours of training in Q1 of FY '25. We also collaborate with local organizations to promote education, health and environmental awareness.

On the governance front, our strong adherence to ethical conduct, regulatory compliance and risk management is reflected in our robust framework. Our community grievance resolution mechanism ensures responses within 24 hours and diversity is present at 17% on the Board and 33% among key management personnel. Additionally, we have initiated a materiality assessment based on GRI guidelines to better identify and prioritize ESG issues, shaping our strategy and reporting.

We remain focused on driving sustainable growth and enhancing our operational efficiency. We are confident that our proven track record, innovative approach and dedication to excellence will continue to be our key strength in achieving our goals. Thank you. And I'll now hand over the call to N.G. for financial highlights.

**N. G. Subramanian:**

Thank you, Mahendra. Good afternoon, everyone. In line with our assessment following the completion of bulk of our capex, we have seen a steady improvement in our EBITDA margin. Over the last 2 quarters, we have demonstrated steady improvement in the reported margin, which now stands at 23.8%. And we believe this range of 23% to 24% will serve as a base going forward.

In Q1FY25, the company experienced strong revenue growth with operating revenue reaching Rs.198 crores, marking an 11% increase from Rs.178 crores in the same quarter last year. Excluding contract revenue and other income, but including other income from sale of recyclables and RDF, the total operating revenue stands at Rs.232 crores. On a steady-state basis, adjusted for the loss of revenue from completed projects, like the one in Mangalore and Greater Noida, the company would have reported a total revenue growth of ~10% as compared to the 3% reported.

We have observed a notable shift in our revenue distribution from Q1FY24 to Q1FY25. In the first Q1FY24, our revenue breakdown was 55% from MSW Collection & Transportation, 23% from processing and 21% from Contracts & Others. In last quarter, we have shifted this to 59% from C&T, 26% from MSW processing and 15% from Others & Contracts. In Q1FY25, the total contract revenue amounted to Rs.35 crores, which is down from Rs.49 crores compared to the same period last year and Rs.22 crores in the Q4 of '24.

The group has achieved a consolidated EBITDA of Rs.55.3 crores, reflecting a 6% increase from Rs.52 crores in Q1'24 and a strong EBITDA margin of 23.8%. Finance cost goes from INR7 crores to INR13 crores, and depreciation has increased by 56%, primarily due to the commercial launch of the Waste-to-Energy plant.

As of June 2024, the group's gross debt stands at ~Rs.389 crores with cash and bank balance of approximately Rs.80 crores, this results in a net debt of around Rs.308 crores. This indicates the net debt-to-equity ratio of 0.4x. During the quarter, the company has received a Rs.25 crores capital grant from the WTE client, which was applied towards the project debt. The weighted cost of debt for the company stands around 9.3%.

We are pleased to report that adjusted for the collections received to date, our DSOs now stand at 79 as compared to 115 as reported at the end of the quarter. This reflects a noteworthy improvement in our cash flow. This, coupled with the grant received, makes our financial flexibility stronger. With these factors and the expectations of our upcoming projects, the company remains confident in maintaining a sustainable growth of around 20% in CAGR in its core operating revenue outlook.

That concludes our remarks, we would like to 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 Jahnvi Dodai from Aequitas Investments.

**Jahnvi Dodai:** I would like to congratulate you on the good set of numbers. I had a couple of questions. So you just mentioned that we have a cash of around Rs.86 crores with us. And the capex lined up for the current year is Rs.20 crores and Rs.5 crores to Rs.7 crores for tire and car recycling. So what are we planning to do with the remaining cash?

**N. G. Subramanian:** So the remaining cash is currently used as margins for our existing projects. So we are currently using excessive margins to kind of bid for new projects, which can act as a buffer when you go for financing institutions that give us bank guarantees and earnest money deposits when we bid for projects. So this money is being used for that purpose.

**Jahnvi Dodai:** Okay. All right. Understood. And sir, any updates on the Chennai project? And what sort of traction have we started seeing in tenders post election?

**Mahendra Ananthula:** So the Chennai project is still on. I mean, the submission date is going to be sometime later this month. As far as other projects are concerned, I mean, there is another large C&T contract in MMR region that we have submitted, the results of which are expected shortly. Currently, the evaluation is in progress. Apart from that, I mean, there are a few more C&T tenders in Thane and Chennai as well, which are in the pipeline.

**Jahnvi Dodai:** So this quarter, we can see some of these projects closing?

**Mahendra Ananthula:** One of the projects is likely to close in this quarter, at least one large C&T contract is likely to close.

- Jahnvi Dodai:** And sir, one more question. So since the last two quarters, there's a tax adjustment that we're taking of the deferred tax asset on the balance sheet. So what is the tax percentage that we're looking at for the current year?
- N. G. Subramanian:** Now new adjusted tax rate about 25%. So the company has shifted all its historical companies and subsidiaries to new tax regime. So a 25% tax rate, it will be applicable for all our companies, except for one processing company, which will shift to the new tax regime in 2028.
- Jahnvi Dodai:** And sir, one last question. So in the lines of EBITDA margin, even if we clock 23%, 24% from last year, we have essentially doubled our interest cost as well as the depreciation because of the capex. So on the bottom line, we essentially don't see anything flowing. So is the understanding of having flat numbers on the bottom line is correct?
- N. G. Subramanian:** So the first part is correct in the sense that because of the capitalization phase being over and the commercialization phase kicking in, there is a jump in interest and depreciation cost. But with the Rs.25 crores of grant coming in, we applied that towards the debt repayment. So we foresee that the interest cost would ease going forward, that is Phase 1. Second phase is, yes, I mean, the increase in EBITDA will not directly transfer into a increase in PAT because of these two line items.
- Moderator:** The next question is from the line of Neerav Dalal from MIB Securities.
- Neerav Dalal:** I just wanted an update in terms of the new initiatives that the company is looking at, say, the tire, the vehicle scrapping. Any update from the company as well as anything coming from the government?
- Mahendra Ananthula:** Yes. So as we had mentioned last time and also in one of the recent interactions with investors, we have decided to buy land. Earlier, our plan was to take land on long-term lease. We figured out that probably that's a risky option from the sustainability perspective, especially because we've been making certain investments in immovable assets. So that's the reason why we have decided to buy land. We are looking at MIDC Industrial Park, in and around Mumbai. We had zeroed down on three or four locations. And very shortly, we should be closing the deal with one of them. That's going to be the integrated site for both vehicle scrapping as well as tires.
- Neerav Dalal:** Got that. But what would be the investments? Any indication?
- N. G. Subramanian:** The investment will be in line with what we have announced. It would be around Rs.20 crores to Rs.28 crores for both the projects and maybe an incremental Rs.8 crores to scale up the entity.
- Neerav Dalal:** And just one last one for me. We've seen a Q-o-Q decline in the MSW C&T. I think the number of days would be similar. So what would have been the reason for...
- N. G. Subramanian:** The decline that you are seeing is mainly because in the past, we had Mangalore as one of the C&T players, a site in which we were operational. The contract got over and we didn't extend the contract. So that is why you're seeing an absolute fall in the Y-o-Y tonnage handled and the C&T part. But if you were to adjust that and look at the revenue -- adjustment for the revenue

loss from Mangalore and the Greater Noida processing entity, it's up 10% for us. So we are seeing a steady growth in the organic tonnage that we are working in the existing sites.

- Neerav Dalal:** When you say 10% growth, is on a...
- N. G. Subramanian:** So if I were to adjust the last quarter's revenue for Mangalore and Greater Noida processing -- if I were to strip that part out, then if I look at current performance versus the previous performance, that's up by 10%.
- Moderator:** The next question is from the line of Aryan Oswal from Finterest Capital.
- Aryan Oswal:** So sir, my question was, can you throw some light on the revenue guidance and margins for FY '25?
- N. G. Subramanian:** We would be talking around 14% to 18% of growth on core revenues, and this excludes sale of compost, RDF because those are something that we will expect a sharp change in the second half of the year. We would be looking at six months of revenue, as Mahendra mentioned, with the start of the Construction and Debris project. So six months of revenue should come in.
- So, those will kind of give us more comfort. So we are looking at around 18% growth on the top line. And EBITDA margins to be around the levels that we have for Q1, which is around 23% to 24%. That is our planned internal hurdle rate.
- Aryan Oswal:** Okay, sir. And sir, we have seen a massive increase in long-term borrowings from Rs.102 crores in FY '22 to Rs.307 crores in FY '24. So, why are we increasing this? And any plans or there are any plans to increase this?
- N. G. Subramanian:** So the increase in the long-term borrowing over the last two years is primarily due to setting up of the 14-megawatt Waste-to-Energy project in Pimpri-Chinchwad. So that was the main reason for the increase in debt. Going forward, on a steady state of affairs, if the company doesn't bag any contracts and we have a decent cash flow, we would completely be debt-free in the next four years' time frame. So any incremental debt that the company will have to borrow will be only after bagging new contracts, which will be revenue generating in future.
- Moderator:** The next question is from the line of Rohit Maheshwari from Tata AIG.
- Rohit Maheshwari:** Good set of numbers. So first question is, what type of revenue what we can expect for Construction and Debris for current year and for the next year?
- Mahendra Ananthula:** So on an annualized basis, in the first full year of operations, we will have a revenue of about Rs.30 crores per year.
- Rohit Maheshwari:** And this Rs.30 crores, what type of margin we'll be making on this Rs.30 crores?
- N. G. Subramanian:** We should doing slightly better than our existing margins that have been reported on a weighted average because that's a percent of processing involved and there's also Collection & Transportation. Also, the Rs.30 crores of annualized revenue doesn't involve or include any sale

of byproduct revenue because we have been cautious at this point of time. But with the new guidelines coming where in, up to 20% of materials needs to be from recycled sources for construction and development phase. We believe going forward, not immediately, there will be a reasonably strong and vibrant market for the byproducts here.

**Mahendra Ananthula:** So, that will be an upside. So when that happens, then there will be an upside.

**Rohit Maheshwari:** Sir, secondly, can you throw some light on the newer project, like asset turn, what is the potential, what type of ROE we are going to make on those projects? Some feel -- maybe what is the upside what we can see on those two projects? And what will be the year we should look at for that project to have a meaningful impact on the company?

**Mahendra Ananthula:** I guess you're talking about the vehicle scrapping and tire. So, that project,, we expect that should be commissioned sometime in the next financial year. In terms of the margins, , looking at the kind of competition or looking at the kind of margins which the current companies are making, that's in the range of about 8% to 12% of EBITDA margin.

**Rohit Maheshwari:** And then the asset turn, example, you're going to invest in the Rs.20 crores to Rs.25-odd crores, what will be the asset turn for those Rs.25 crores investment?

**N. G. Subramanian:** Asset turn will be a percentage of capacity utilization, Rohit. So as the project scales up and lot of more vehicles start coming into the scrapping policy, this will improve drastically. I mean, it will be -- today we are just guessing that we will be happy with a one is to one kind of ratio. But the fact is if you look at developed economies, it's anywhere between 8x to 14x on the fixed asset turn.

In India, we are just on the verge of having a policy, getting people's acceptance to go for scrapping the vehicles. It's a big step up. I mean for example, people still prefer to go to a CARS24 to kind of sell their vehicle, second vehicle, before they buy the new vehicle. But going forward, the scrapping policy, which will be accepted by a wider market. So that will be the tipping point for us.

**Rohit Maheshwari:** Okay. So the last question from my side is -- can you give some light, how big one contract which you think that you'd be closing in this quarter of C&T can be, like in terms of how big that contract is?

**N. G. Subramanian:** So the largest contract that we are currently doing, which is on the extension phase, contributes to 3% of our total operating revenue.

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

**Bhavya Gandhi:** So basically, just wanted to understand the size of opportunity when it comes to Construction & Debris, vehicle scrapping and tire recycling. I know it's a reiteration. But just wanted to understand, is it far better than the municipal solid waste? And as we're entering in this business, do we have any moat? Because in the MSW, it's moated because there are very few organized players. So in terms of capital allocation, if you can help me understand.

**Mahendra Ananthula:** Our moat basically is that a typical Construction & Debris project, and that's the trend that we have seen across cities, is that these are integrated contracts. So very unlike MSW, where clients come up with two different packages, two different contracts, one for the C&T and the other one for Processing.

The C&D projects are typically integrated including our Mumbai project. So that's our core skill. I mean we are one of those few companies who are strong both in C&T as well as processing end of things. So that's why we think that we have an edge in efficiently managing such contracts.

**Bhavya Gandhi:** I mean when you say integrated, is it like C&T plus Processing. That is what you say, right?

**Mahendra Ananthula:** That's right.

**Bhavya Gandhi:** And in terms of processing, typically, it's like the traditional processing? Or is it a difficult process one needs to go through?

**Mahendra Ananthula:** So this is a different type of processing as in that there are two parts of processing here, dry and wet processing. So you require different kinds of crushers and equipment. That is something that we have procured from a leading international firm called CDE Asia, who also exactly had experience of setting up similar projects in other cities.

**Bhavya Gandhi:** Right. I mean, is it possible to quantify the size of opportunities, say, MSW is closer to INR4,500 crores of market, right? And if you can quantify for Construction & Debris and similarly for vehicle scrapping and tire recycling?

**Mahendra Ananthula:** The C&D thing, if you purely go by the Mumbai project, and there are two contracts in Mumbai. So this is about -- a city like Mumbai produces about 1,500 tons of Construction & Debris waste and we were looking at this study, which is done by Building Material Promotion Council. Their estimate is that about 150 million tons of C&D waste is generated in India every year. So even if half of it is done, I think it should be Rs.5,000 crores opportunity.

**Bhavya Gandhi:** Okay. So Rs.5,000 crores in terms of amount you are saying, right?

**Mahendra Ananthula:** Right, yes.

**Bhavya Gandhi:** But in terms of contracts awarded, right now, I believe none of the Construction & Debris are getting recycled. They are either getting into landfills or not getting recycled, right? Is the understanding right?

**Mahendra Ananthula:** Mumbai, yes. It's typically used by builders to send it to low lying areas for dumping. And that's what BMC wants to stop. So that's why they have now come up with these two tenders, and we are doing it for the Western Suburbs in Mumbai City. Having said this, a city like Delhi, which is as big as Mumbai if not smaller. They have four operational C&D projects already. So going forward, we are seeing that lot many of cities now, apart from MSW, they also are structuring their C&D waste management. Projects

- Bhavya Gandhi:** Okay. And similarly, sir, if you can throw some light on vehicle scrapping and tire recycling as well. I know it's difficult to quantify, but just a broad assessment, how the industry will pan out going forward? And do we have any moat over there as well?
- Mahendra Ananthula:** So as you rightly said. I mean, it's very difficult to put a number to it because it also depends on how strictly the regulation is implemented. But we expect and especially when it comes to adoption of regulation, we have seen that the big metro cities and Tier 1 cities are the first ones to adopt. So that's where we think -- that's the direction it will take.
- But gradually, over and above that we see that, over a period of time, more and more cities will be very strict about implementing this regulation. So people will still -- will not have the option of selling it or sending it to the hinterland for the usage. Once the effective life as per the regulation is over, they will be forced to scrap it.
- Bhavya Gandhi:** Possible to quantify the opportunity size?
- Mahendra Ananthula:** There are no official studies for this thing, but we think it is again going to be going forward because we are talking about passenger vehicles and HCV trucks. So that thing is going to be as big as Rs.10,000 crores over the years.
- Bhavya Gandhi:** And are there tenders which have been already floated? Or I mean, are we seeing an increasing trend in terms of tenders?
- Mahendra Ananthula:** These are not going to be tendered, and this is one of the reasons why we want to get into this business. The Government of India has come up with a regulation, which is in turn supported by the various State Governments. So one has to apply for the license to set up this facility. So this is not going to be a tender, it's going to be, you can say, a merchant plant based on the license that you get from the State Transport Department.
- Bhavya Gandhi:** Got it. And in terms of ROCE, do you expect -- is it going to be far better than the existing business? Or is it going to be lower than the existing one?
- N. G. Subramanian:** So this would be depending upon the scalability and the growth of the industry. Looking at the capex that has been put on place. The downside is very limited for the company right now, and we see the potential to grow significantly higher. As and when the adoption and the technology improves, we will definitely see those margins be similar to what we already have in our books. We spoke to a number of players and we understand that the potential is very high. And the numbers will be very similar if not better than what we already report in our waste processing section.
- Bhavya Gandhi:** Right. Just one last thing, if I can squeeze in. As investor community, how we look this -- we look at recycling business as a capex-heavy business. So are there any trends where government is sort of putting in some money or infusing capital where it becomes more of an asset-light vis-a-vis the company wanting to put in more capital. So is there any trend that we are seeing?

- Mahendra Ananthula:** The trend is there in, I would say, Collection & Transportation contract, the C&T contract, wherein some cities, based on the funding they receive from the central government, they decided to buy trucks, vehicles, and given it to us for O&M. So that is the asset-light model. So 3 of our projects, Varanasi, Jhansi and Panvel already have this model, wherein all the vehicles are provided by the respective corporations, and we are responsible for using them and responsible for O&M during the contract period.
- N. G. Subramanian:** Also in the processing section, we have seen viability gap funding coming in, for example, the one in PCMC, there is a Rs.50 crores VGF given. So similarly, newer projects in processing and picking a page from the budget announcement there are a large number of multilateral funds which would like to come in and subsidize the cost to the waste processing section. So going forward, trend is to kind of either come up with a VGF or part capex reimbursement on an EPC kind of a model for waste processing. So I mean, it need not be 100% funded as it has been done currently. The things are definitely changing.
- Moderator:** The next question is from the line of Manav Vijay from M&V Investments.
- Manav Vijay:** So sir, my first question is regarding the PCMC project. So the grant that you are supposed to get from the municipal corporation was Rs.50 crores. Rs.25 crores is what we have received. So what is the schedule of the rest Rs.25 crores?
- Mahendra Ananthula:** So the first Rs.25 crores as during the first 2 milestones, setting up the plant and getting the plant operational. So that Rs.25 crores has been received. The second batch of Rs.20 crores is based on complete commissioning of the plant and the acceptance of the unit at the client's end. So which the client is now auditing and getting it confirmed. The last component of the grant, which is 10% or Rs.5 crores of the amount, will be given to the operator after 12 months of COD, which is the commencement of operation. You'll get it after 12 months.
- Manav Vijay:** Okay. Okay. Sir, my second question is regarding this project only. So in this project, I believe we had an overrun of around Rs.50 crores and I think in last call, you mentioned that you are coordinating with the municipal corporation to figure this out. So any update on that as to whether the authorities have accepted the cost overrun or not?
- N. G. Subramanian:** So the cost overrun calculation has already been submitted to the independent engineer who has already audited the numbers and given it to the corporation. So the tender gives us an equity IRR, which has been assured. So based on the due diligence and the study by the independent engineer and the corporation might ask for a second opinion on that. The same will be taken on both.
- Manav Vijay:** Sir, my next question is regarding the sales growth guidance that you have given, specifically on the core revenue. So you have mentioned on 14% to 18%. So sir, FY'24, we had around Rs.780 crores of core revenue. So let's see, if you take around 15%, 16%, we're looking at roughly Rs.100 crores of additional revenue.

So for the year, I believe that apart from the WTE project of PCMC area, which would contribute something on your top line. Is there anything else that you can help us to understand, will help us to achieve that 14% to 18% sales growth?

**N. G. Subramanian:** So based on the contracts that we already signed and in phases of scaling up or yet to start, we would be seeing revenue growth coming in incrementally from Panvel, than we have from the CIDCO biomining and the C&D business. So all these 3 revenues, plus 12 months of operation of WTE gives that kind of revenue visibility.

**Manav Vijay:** Okay. Fair enough. So the next question is regarding the debtor days that you have. So, sir, the PP that you have issued, so in 9 quarters, we have moved from 77 days to 115 days. Okay. Last quarter also, you had mentioned in the call that although on the reporting basis, we were 103. But during the -- but I see, during the quarter, we came down. Again, the same comment was actually mentioned in this quarter as well. So sir, I don't understand that how should we understand this thing on a slightly longer-term basis, whether it will actually come down below 100 days or actually 115 days sometime during this year, next year on a sustainable basis or this number of 110 or 115 days is here to stay?

**N. G. Subramanian:** We believe that until time the elected members or the standing committees are formally done, there will be some bit of uncertainty on the funding allowed by the departments. Currently, they're using the allocation based on certain judicial bodies. Since the elections are yet to happen in bulk of the municipal corporations, which will happen only after the state elections. So we expect the DSOs to be slightly stressed during the reporting days.

But after the cycle, I mean, we normally have seen that the collection then recovers later. So since the cut off date for reporting on 31st of March or 30th of June, those numbers kind of appear spiked up. But later on, the fund gets released and we come back to a normal tune of 79 to 82 days kinds of scenario. So that is what has been the trend historically. Having said that, these are essential services contracts and the budgetary allocation is given on a priority for these sectors, but in absence of elected members, the machinery for departmental location is slightly getting stressed out here.

**Manav Vijay:** Okay. Sir, the next question is regarding the vehicle it is that you guys provide every quarter in your PPT. So, specifically two vehicles I am asking. First one is a big tipper, where you have moved to 91 versus 76 quarter to quarter. And second is a dumper balancer, which has moved to 53 versus 48 quarter to quarter. I believe these are large vehicles and they are expensive machines. If you can just help us understand these 2 specific items, where these machines will be placed, sir?

**N. G. Subramanian:** So, these are predominantly used in the collection transportation businesses. So, both in Panvel and Nasik, where we have got this asset the count has increased and these have been deployed in these two collection transportation sites.

- Manav Vijay:** And the last question for me. Sir, in the last call, you had mentioned about doing a contract with actually one FMCG company as part of the EPR mandate. If you can just help us to understand any update on that?
- Mahendra Ananthula:** That thing is still not closed. I mean, as we mentioned last time, that company was seeking some approvals from their head office. So that thing is still pending.
- Moderator:** The next question is from the line of Prakash Kapadia from Spark PMS.
- Prakash Kapadia:** Some data-keeping points. On the core revenue, what is the core EBITDA and core margin?
- N. G. Subramanian:** So on the core EBITDA, we would be having -- I mean, we have only Rs.11 crores of project revenue and less than that in that sense. So the core margins would be around 24% for us. So it's not going to be very significantly different than what has been reported in the EBITDA numbers first.
- Prakash Kapadia:** Okay. Okay. And if I take that to core revenues, it will be approximately Rs.47 crores kind of an EBITDA for the quarter?
- N. G. Subramanian:** Yes.
- Prakash Kapadia:** Okay. And on the volume processed, if I were to get a breakup of MSW C&T and MSW Processing, would you have that handy?
- N. G. Subramanian:** I think we have mentioned that in the business update that was circulated. I don't have it right now on my system, but it's already mentioned, the split between the total volumes handled of 1.18 million, the split between C&T and waste processing.
- Prakash Kapadia:** Okay. Okay. And as we move forward for the core business, any potential new cities or tenders in the pipeline which could add to our revenue growth in the near future?
- Mahendra Ananthula:** So as we mentioned, there are a couple of tenders that we are working on. One large C&T contract proposal has already been submitted. Results of which is expected any time this quarter. So that thing should add to our revenue.
- Prakash Kapadia:** Okay. So by the end of Q2, you should know?
- Mahendra Ananthula:** Yes.
- Moderator:** The next question is from the line of Ketan R Chheda, retail investor.
- Ketan R Chheda:** My first question is -- one is on the disclosure. Would it be possible to provide the CFO numbers for every quarter? The reason why I ask is because every quarter we see fluctuations in the net profit numbers. So it would be very helpful for us to -- if you could provide the cash flow from operations, the net cash flows every quarter. Would that be possible to provide any disclosure?

- N. G. Subramanian:** So we normally have a very unaudited or undraft numbers, which we use internally. I mean so that will be anywhere in the range of around Rs.25 crores to Rs.30 crores depending upon the seasonal pattern and the working capital cycle.
- So since this last quarter, we had a stressed receivable, we were down to around Rs.18-odd crores in CFO, at our console level. But that is after deployment and everything. So normally, we have a EBITDA to cash conversion of around 88%.
- Ketan R Chheda:** My requests are more from the perspective of, like if you could provide these numbers on a quarterly basis, that helps us to kind of keep the track in correlation with the other figures that you normally report. So that was the request.
- N. G. Subramanian:** We would like to see whether that is doable on a -- because we've around 8 subsidiaries and everything. So let me try if we can have that and then we can have the same thing populated and shared it with the audience at large.
- Ketan R Chheda:** Yes, that would be very helpful. And the next question is, with respect to the WTE project in Pune, could you tell me what is the debt currently right now for that specific project?
- N. G. Subramanian:** Rs.148 crores.
- Ketan R Chheda:** Okay. And this will -- we still have about Rs.30-odd crores of VGF to be received?
- N. G. Subramanian:** We have around Rs.25 crores of VGF to be received.
- Ketan R Chheda:** Okay. Right. Okay. So once the VGF is received, this debt number could go down further by that amount?
- N. G. Subramanian:** Yes. The EMI schedule starts from October. So even gradually, if you start repaying the debt over from October onwards.
- Ketan Chheda:** And the next question is, could you provide a composite revenue number for your compost and RDF sales in this Q1'25?
- N. G. Subramanian:** So that would be very -- we don't have it disclosed readily, but I think we can share it with you post the call. We'll just hand it over to our SGA team and they will kind of reach out to you with that.
- Moderator:** The next question is from the line of Amit Kumar Rajput, an Individual Investor.
- Amit Rajput:** My question is on the debtor days. If we see from Q3FY'23, we have a constant increase in the debtor days. Could you share what's the reason behind it? Could you tell me?
- N. G. Subramanian:** So, normally, this cycle is slightly stressed because of the people who are authorized to release the payment need to get grants from the central allocation department. Since there are no elected members in bulk of the municipalities where we operate, the decision making is taking time and

that is why you are seeing an increase in debtor days. Once the elections at various municipalities get completed, then this will again go back to our historical average about 70 to 90 days.

**Moderator:** The next question is from the line of Aryan Oswal from Finterest Capital.

**Aryan Oswal:** Sir, as you anticipated the MSW market to get doubled by FY'26, and we are doing good on that. So I would like to know that how are we looking at the market to grow by FY'30?

**N. G. Subramanian:** MSW market growth in over the next five years.

**Mahendra Ananthula:** I think the MSW -- as we mentioned earlier, that earlier, the municipalities were only looking at solid waste management, the wet waste and dry waster as their responsibility. Increasingly, most of the cities have also realized that with the increase in real estate development and redevelopment projects, the construction debris is going to be another big headache for them. So that's why we see that segment getting added.

So I think these three segments going forward will definitely increase the market size. Even on the processing side, most of the cities earlier were not convinced about waste to energy kind of capex heavy processing solutions. But now India has about 10 or 11 operational Waste-to-Energy projects, so that also is giving confidence to cities to go for such projects. So all that is going to contribute to the increase in market size. That's one.

Secondly, on the softer side. With the kind of competition, which Swachh Bharat Abhiyan service done by Government of India has -- the atmosphere and environment that has created, that most of the cities now taking it very seriously to be on top of that list. That also is enabling them or forcing them to subcontract or engage experienced serving providers for their waste collection, transportation and processing activity.

So I think all this combination of soft and hard facts is definitely going to make the market rise much sharply than the last decade.

**Aryan Oswal:** So sir, can we have the market to grow another 50% to 75% from here?

**Mahendra Ananthula:** On a lighter note, I mean, that could be an economist's delight. We would like to hope that -- I mean, the market sees that kind of growth. But it's difficult to again, as I said, I mean to put a number to it.

**Moderator:** The next question is from the line of Sevanth Bommannagari, an Individual Investor.

**Sevanth Bommannagari:** Yes, last quarter, we were talking about the Chennai project, right? Any update on that?

**Mahendra Ananthula:** The Chennai project, I mean, the process is still on. I mean, the bids are not even submitted. It should be, the submission date is somewhere later this month.

**Sevanth Bommannagari:** My second question is like, are we bidding any more other projects other than that one?

**Mahendra Ananthula:** Sir, your voice is not clear, sir. Can you please repeat the question a bit louder, please?

- Sevanth Bommannagari:** Are there any other tenders that we are trying to bid?
- Mahendra Ananthula:** Yes. So, as I mentioned earlier, I mean, there are few apart from the Chennai project, I mean, there are few C&T tenders, a few biomining tenders, which are currently on. That's what we are looking at.
- Moderator:** Next question is from the line of Bhavya Gandhi from Dalal & Broacha Stock Broking.
- Bhavya Gandhi:** Just wanted to know how much would be the incremental debt, if you were to assume new contract wins. So any rough estimate, if you can? And what sort of ROCE or ROIC are we looking at for the newer tenders?
- N. G. Subramanian:** So depending upon the contract that we win, if it's a C&D contract, we can go up to 90% of the total capital employed as debt, because vehicle financing is easy. So given the asset turn of say 1:1 or 1.25 :1. If Rs.100 crores is a annual turnover, we would have to go up to Rs.90 crores of debt for Rs.100 crores annual turnover in that sense for Collection & Transportation.
- Waste processing is a completely different ball game and depending upon the technology and the size and scope, the normal debt equity for a large scale waste processing project are in the range of 70-30, 70 debt and 30 equity. With capital grant and viability gap funding I mean that would be the ratio.
- So depending upon each project, it will be very difficult to generalize the amount of debt that needs to be borrowed. Then we'll borrow only after you bag a contract, so you don't have to procure assets and be ready. There's no need for that.
- Bhavya Gandhi:** So are we looking at processing contracts also because no where it was mentioned. I believe you mentioned about C&T tenders and biomining tenders, right? Or is the Chennai one is a processing one?
- Mahendra Ananthula:** Chennai is a processing one.
- Moderator:** Ladies and gentlemen, due to time constraint, that was the last question for today's call. I now hand the conference over to Mr. Jose Jacob for closing comments.
- Jose Jacob:** I wish to thank our committed team whose tireless efforts have played a pivotal role in accomplishing our goals. We are continuously building our capabilities to enhance our operational efficiency and service delivery. Our unwavering focus remains on delivering consistent operational and financial performance while creating long-term value for our shareholders.
- By investing in innovation and leveraging our expertise, we aim to strengthen our position in the market and drive sustainable growth for the future. I'm optimistic that our path towards a cleaner and greener future will be marked by continued success. Thank you.

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