

# Antony Waste Handling Cell Limited

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Date: November 17, 2023

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

Script Code: AWHCL

Dear Madam/Sir,

Sub. : Transcript of Earnings call held on November 10, 2023  
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/2023-24/64 dated November 02, 2023 - regarding intimation of Earnings Call and AW/SEC/NSE/2023-24/69 dated November 10, 2023 - regarding uploading of Audio Recording of Earnings Call, please find enclosed the transcript of the discussion held during the said Earnings Call held on November 10, 2023, at 3:00 pm (IST) w.r.t. discussion of operational and financial performance for Q2FY24 of the Company.

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

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 Q2 FY-24 Earnings Conference Call”

**November 10, 2023**

Disclaimer: E&OE - This transcript is edited for factual errors. In case of discrepancy, the audio recordings uploaded on the stock exchange on November 10, 2023 will prevail.



**MANAGEMENT: MR. JOSE JACOB – CHAIRMAN & MANAGING  
DIRECTOR, ANTONY WASTE HANDLING CELL  
LIMITED  
MR. SHIJU JACOB – EXECUTIVE DIRECTOR, ANTONY  
WASTE HANDLING CELL LIMITED  
MR. MAHENDRA ANANTHULA – GROUP PRESIDENT  
(OPERATIONS, BUSINESS DEVELOPMENT &  
DIVERSIFICATION), ANTONY WASTE HANDLING CELL  
LIMITED  
MR. NG SUBRAMANIAN – GROUP CHIEF FINANCIAL  
OFFICER**

**Moderator:** Ladies and gentlemen, good day and welcome to Antony Waste Handling Cell Limited Q2 FY24 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 the date of this call. These statements are not the guarantees of future performance and involve risk 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 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 Q2 FY24 Earnings Conference Call. With me I have Mr. Shiju Jacob – Executive Director and Chief Risk Officer, Mr. Mahendra Ananthula – Group President (Operations, Business Development and Diversification), Mr. Subramanian – our Group CFO and SGA, our Investor Relations Advisors.

Our investor presentation is for the 2nd Quarter 2024 is now available on the websites of the Stock Exchanges and also on our company website.

First and foremost, I want to emphasize that our strong financial performance continued in our second quarter, with another all-time high quarterly core operating revenue of ₹200 Crore, representing a 25% year-on-year increase with a steady growth trajectory going forward. Notably, we continue to work to improve our operational efficiencies, which is reflected in our improved EBITDA margins, which have increased by about 210 basis points to 24.5% on y-o-y basis. Despite facing inflationary pressures in our cost segment, we have successfully maintained and improved our EBITDA margins partly due to increased volumes. We are working hard to strengthen the revenue streams that underpin our business while also demonstrating our unwavering commitment to rigorously optimising our cost structure. The Core EBITDA margins achieved in the Q2FY24 were consistent with our previous guidance, reinforcing our confidence in long-term stability and growth.

The management has initiated a corporate restructuring with an aim at reducing managerial overlap. The Board has proposed combining Antony Infrastructure & Waste Management Services Private Limited and KL EnviTech Private Limited into AG Enviro Infra Projects Private Limited. All of these are 100% wholly owned subsidiaries of the Listed entity. This merger aims to achieve a more straightforward corporate structure, improve operational and

managerial efficiency, leverage combined assets for a more robust and sustainable business, and realize cost savings while utilizing valuable resources more efficiently. With this we plan to achieve a cleaner organizational structure.

Our company is poised to embark on a promising growth trajectory. The company is actively pursuing opportunities in C&T and Biomining projects, and it expects to provide a positive update on some of them in the coming quarters. In a similar vein, we will launch a Construction and Demolition (C&D) Collection, Transportation, Processing, and Disposal (C&D) project in Q4FY24. Thank you and now, I hand over the call to Executive Director, Mr. Shiju Jacob.

**Shiju Jacob:**

Thank you, Jose and good afternoon to all who have joined us on this call. In our line of work, maintaining close collaboration with the various stakeholders and ensuring the delivery of top-notch services are of utmost significance.

A crucial aspect of this involves ensuring full compliance of our vehicles, addressing statutory dues, and adhering to all contractual obligations mutually agreed upon with our clients. Equally important is our focus on managing receivables.

It's noteworthy that some municipal corporations still face challenges in constituting their standing committees due to the absence of elected members. This has been a historical issue, and our management has diligently worked to address it. The positive outcomes of these efforts were evident in the last few quarters. An escalation amount from one corporation, initially unapproved due to the lack of appropriate authority, has now been resolved. We have received a portion of the escalation in Q1, amounting to ₹7 Crore, and in the current quarter, we've received acknowledgment for an additional ₹12 Crore for the previous year period. We are actively engaged with other municipal corporations to ensure similar acknowledgments, directly contributing to the company's margin outlook as per our guidance.

Turning to our new business endeavors, our management continues to implement a cluster approach. While our legacy business maintains its expected performance, we have successfully secured new contracts in the C&T and mechanical sweeping sectors. A recent highlight is our winning of a C&T contract valued at ₹386 Crore from the Panvel Municipal Corporation, in the MMR region. In this 5-year contract, with the option of a 2-year extension, the corporation takes responsibility for all capital expenditures associated with the project, enabling us to adopt an asset-light model and redirect capital resources to other promising opportunities.

This contract win builds on top of the recently two contracts bagged by the Group. The two mechanical sweeping contracts—one from the Pimpri Chinchwad Municipal Corporation, involving the mechanical street sweeping of major roads above 18 meters in the PCMC area for a seven-year concession period at a cost of ₹80 Crore, and another from the Nagpur Corporation. These wins not only provide traction for future growth but also contribute

significantly to our goal of achieving a 20-25% compounded annual growth rate in our core revenues.

In conclusion, these strategic initiatives underscore our commitment to operational excellence, financial prudence, and sustainable growth. We are confident that our focused efforts will continue to yield positive results and drive the company toward greater success. Thank you and I now hand over the call to Mahendra Ananthula, our Group President Operations and Business Development. Mahendra over to you.

**Mahendra Ananthula:**

Thank you Shiju and good afternoon to all, I would like to share the remarkable achievements of Kanjur facility and the recent commissioning of our state-of-the-art waste to energy plant at Pimpri Chinchwad operation. In the last quarter, our Kanjur facility has witnessed significant progress. The volume of municipal solid waste process experienced a noteworthy improvement reaching about 6000 tonnes per day at an average, showcasing a remarkable increase of around 14%. This enhancement can be attributed not only to the improvement in MSW processing volume, but also to the strategic use of the sanitary landfill facility. Moreover, we have achieved record-breaking dispatches of refuse derived fuel RDF, totaling an impressive 29,000 tonnes. The surge in RDF dispatches can be attributed to the growing demand, which also resulted in a marginal increase in revenue. It is worth noting that while the sale of RDF typically contributes lower margins compared to processing business, this pivotal role of waste management cannot be overstated. However, the pièce de résistance of our recent endeavors is the successful commissioning of our cutting-edge waste-to-energy plant at the Pimpri-Chinchwad Municipal Corporation, effective this quarter.

This innovative facility has already embarked on a transformative journey by initiating commercial power sales, supplying up to 8MW of power to vital PCMC infrastructure assets including the garbage water pumping station and the Chikali Sewage Treatment Plant. It is essential to highlight that these power sales commenced on 2<sup>nd</sup> October and therefore the reported numbers for the 2<sup>nd</sup> Quarter do not capture the significant developments. Our waste to energy facilities power not only contributes to a cleaner environment, but also plays a crucial role in ensuring the uninterrupted operation of these critical businesses. As we progress towards the end of fiscal year our plan is to gradually increase the power supply ultimately supplying almost 11.76 megawatts. This expansion represents a monumental step towards creating a greener and more sustainable energy ecosystem. The positive impact of this initiative cannot be understated, as the green energy generated is estimated to save approximately seven lakh tonnes of carbon dioxide emissions annually equivalent to the emissions of around 1.5 lakh passenger cars.

In the initial testing phase, the plan has shown promising results, generating approximately 2.9 million units of power and achieving a plant to load factor of about 70%. Our commitment to excellence is further demonstrated by our ongoing effort to rigorously test all aspects of the plants, aiming to take a full load and seeking clarification for fitness from Hitachi Zosen our

esteemed technical partners. In conclusion, these achievements underscore our dedication to environmental sustainability, innovation and a commitment to creating a better and greener future. I extend my gratitude to each one of you for this unwavering support on this transformation journey. And, I believe that this will continue in future as well.

Let me also add that we are extremely delighted to provide an update on the official performance of Antony Waste Handling Cell. In the 2<sup>nd</sup> Quarter of fiscal year 24 our company and its subsidiary successfully managed an impressive 1.15 million tonnes of waste, showcasing a remarkable 9% year-on-year increase. This growth can be attributed to the full scale implementation of operations in newly acquired contracts, the expansion of our existing C&T sites and an increasing tonnage process at our waste processing operations. Specifically in the collection and transportation business segments, we efficiently handled 0.45 million tonnes in quarter two of FY24 reflecting a commendable 7% increase compared to the previous year.

Furthermore, our waste processing business managed 0.70 million tonnes, marking an 11% increase over the previous year. On the RDF front this quarter our RDF sales reached a new milestone totaling approximately 29000 tonnes, which is a significant increase compared to about 10,500 tonnes in the same period last year. And about 27,800 tonnes in the previous quarter.

Additionally, we sold around 2200 tonnes of compost during the quarter. Although these figures appear softer on a year-on-year basis due to reduced fertilizer demand in Maharashtra and Gujarat, influenced by a weaker than expected monsoon, but our operational performance remains robust. In terms of emissions, our Scope 1 emissions increase from 5830 tonnes of carbon dioxide equivalent in quarter one to 6374 tonnes in Q2, in line with rise in tonnage handled. Meanwhile, our Scope 2 emissions decreased from 891 tonnes in Q1 to 625 tonnes in Q2, reflecting fewer bio-mining and shredding activities. Our commitment to emission reduction is evident with awarded emissions of 1379 tonnes in Q1 and 1260 tonnes in Q2. Our ground staff strength is at 9,814 and with the commencement of the Panvel project we anticipate surpassing the 10,000 mark.

On the Panvel front we have already been taken over several vehicles from the corporation, and we share operations from November 1<sup>st</sup>, handling approximately 420 tonnes per day. These activities aligned seamlessly with our expectations, marking a positive strides in our commitment to environmental sustainability and extending efficient waste management practices to our clients. We continue to actively pursue opportunities in C&T and bio-mining projects reflecting our firm commitment to sustainability and creating value for our stakeholders. On to the financial aspect let me get NG.

**Subramanian N G:**

Thank you Mahendra. In the 2nd Quarter of financial year 2024 the company achieved a significant milestone as mentioned by Jose we had an operating revenue of ₹200 Crore a

robust 25% increase compared to ₹161 Crore in the same period last year. On a half yearly basis, the company reported an operating revenue of ₹379 Crore marketing a substantial 20% growth from ₹317 in the same period last year. The impressive revenue growth is largely attributable to the substantial increase in volumes handled. On the consolidated EBITDA front, the group exhibited a noteworthy growth of 23% to ₹57 Crore in 2nd Quarter compared to ₹46 Crore in 2nd Quarter of last year, and with the EBITDA margin of 25%, which reflects a significant increase of 210 bps from the last year period. For the first half the company registered a growth of 15% in EBITDA to ₹109 Crore. The core EBITDA also displayed robust growth, surging 28% to in 2nd Quarter of the current financial year to ₹55 Crore as compared to ₹43 Crore in the same period last year. The core EBITDA margins, stood at 25%, excluding the escalation component of the previous period the core EBITDA would align with the management's past guidance, standing at around 21.6%.

The profit after tax for 2nd Quarter reached ₹32 Crore up from ₹28 Crore last year, and for the first half it stands at around ₹54 Crore. As of September 23, the group's total debt is around ₹370 Crore net debt is around ₹294 Crore indicating a net debt to equity ratio of 0.4x. The weighted cost of debt is around 9.1%. During the first half, the total cash flow from operations stood at ₹92.5 Crore, which is a substantial increase from ₹30 Crore for the same period last year. Day sales outstanding remain at similar levels compared to the previous quarter. The company's focus continues to center on enhancing operational efficiency, improving liquidity and fostering a positive financial environment in line with the goal of achieving a 20% to 25% CAGR rate in core operating revenues in a sustainable manner. That's all 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 comes from Bhavya Gandhi from Dalal & Broacha Stock Broking. Please go ahead.

**Bhavya Gandhi:** So, my first question is related to vehicle scrapping, because I see in your investor presentation that you showed a slide on vehicle scrapping, if you could throw some light, what kind of opportunity are we looking out in vehicle scrapping land that we require and what kind of revenue are we targeting or anything or any early sense. That's it from my end, that is first question. And another with respect to debt, I'll take it later.

**Mahendra Ananthula:** Thank you for your question, although we are very bullish about this vehicle scrapping facility as a business line because we not only feel that this is a project or this is a business line which probably will add value to our portfolio in the near future. But going forward, this entire recycling theme is something that we are very positive about. Specifically on auto recycling, we are on the drawing board stage, we are trying to find the minimum viable products, identifying the vendors and equipment. In terms of and we also have zeroed down on couple of locations, where we would set up our first plant. So, if all goes well, we should be able to make some positive announcement on this front by the end of this year.

- Bhavya Gandhi:** So, this business would be similar to our company level ROCs only or will it be lower or higher if you can throw some light on this?
- Mahendra Ananthula:** So, the jury is still out on these projects, what we feel is that prima facie in the initial few years going forward, the main critical success factor of this kind of project is sourcing of vehicles, sourcing of the vehicles that need to be scrapped. So, what we believe is that, when we have a portfolio of about four or five projects, and we have a considerable experience in sourcing of these vehicles, and tying up with suitable entities for sale of scrap, that's when we will have some decent numbers to talk about. So, at this stage we do not want to say anything about specific viability of these projects on an individual basis. But, going forward in five years from now this should be a very profitable business segment.
- Bhavya Gandhi:** Sure. And basically our clientele would not be Corporation over here, but would be some private players?
- Mahendra Ananthula:** And this is one of the reasons that why we are looking forward to do more of these recycling projects, because we want to add our non-municipal revenue.
- Bhavya Gandhi:** Right. And are we looking at any other opportunities besides vehicle scrapping having sort of non-government revenue because that significantly reduces our data dependency on corporations?
- Mahendra Ananthula:** So, vehicle recycling and tyre recycling are two specific opportunities that we are starting with, of course there were many segments that we initially had long listed. Also we looked at plastics and batteries, and so on. But out of that long list, we decided to first attempt auto and tyres, because that also has a lot of synergies with our existing business where we handled for many trucks.
- Bhavya Gandhi:** Perfect. And with respect to your outstanding debt if I'm not wrong, you mentioned about ₹294 Crore of net debt. So, how much is outstanding for more than a year and if you can throw some light from which corporations is it outstanding, and how long do we expect it to recover it back?
- Subramanian N G:** So, we are talking about the total debt at that point not debtors. So, if you are talking about debtors amount, the total outstanding is around ₹110 Crore which is less than six months period.
- Bhavya Gandhi:** Less than six months and more than six months?
- Subramanian N G:** More than six months is around ₹88 Crore which includes retention money and minimum wage reimbursement.
- Bhavya Gandhi:** Okay. And any which are facing any issues or litigation or any disputed amount?



- Subramanian N G:** That is around ₹6.8 Crore which is a qualified line item which is mentioned in the notes. So, these are old dues which are gone into arbitration which have been settled in favor of the company. Now, we have not realized the money because it's either in the Bombay High Court or is in the Supreme Court jurisdiction. So, once the rulings come across, we will be able to realize the money from these two entities.
- Bhavya Gandhi:** Perfect. And sir one last question from my end with respect to construction debris, that project is supposed to start in December, if I'm not wrong?
- Mahendra Ananthula:** No, as per the contract we are supposed to start it by middle of February.
- Bhavya Gandhi:** Middle of February, okay and that's the only one contract which has been awarded as of now, and do we expect further contracts in this space as well?
- Mahendra Ananthula:** There are many cities who are planning for the construction debris recycling project. But yes, as of now we have only one project, but going forward we will be looking forward to getting more.
- Bhavya Gandhi:** And similar set of margins and ROC levels?
- Mahendra Ananthula:** They are similar.
- Bhavya Gandhi:** More of a CAPEX mode or an OPEX mode if you can just broadly guide on that?
- Subramanian N G:** Most of the time the processing contracts are on a CAPEX mode, because the corporation will give you only land, that is like the biggest cost of any transaction. So, they will give you land and then they will ask you to set up the plant and do the O&M part of it. But in large waste processing contracts we have seen that there is an element of capital grant that is involved. It could be anywhere between 10% to 50% of the total capital outlay, but it's again, very corporation specific and tender specific.
- Moderator:** The next question comes from Ansh Manek from Equirus Securities Private Limited. Please go ahead.
- Ansh Manek:** Sir, I would like to have the update with respect to the collection part for few of the municipal corporation, where we have made the provision of 20 Crore in FY23?
- Subramanian N G:** Yes, so we have already realized around 15 Crore from the old receivables from one of the corporations in the last seven months and there is a written confirmation from the client that the balance will be repaid within the end of the current financial year and maybe by the first half of the next financial year. So, 25% of the old receivables have already been received by the company in that aspect.

**Ansh Manek:** So, if I recollect during the last quarter, we received around Rs. 6 Crore, so 15 crore for the first half would result into the ₹9 Crore received during the 2nd Quarter right sir?

**Subramanian N G:** Yes, so during the 2nd Quarter we have realized a tune of around ₹12 Crore actually this is for the period of December 21 till March 2023. So, that's the previous year item which we have recognized, that amount is around ₹12 Crore. So, if you want to strip out that, our core operating margin is still at a healthy 21.6%.

**Ansh Manek:** Okay, got it sir. Second question is with respect to the Mangaluru project. So, there were reports said that the municipal corporation would be issuing the fresh tender for the project. So, any update on take part?

**Mahendra Ananthula:** So, the Mangaluru Corporation actually came up with a tender, they divided the city into four parts and came up with four projects. But then they were not too many, they didn't get a good response and hence they have terminated that tender. So, as we speak, our contract is till January of 2024, and the client is now looking forward to bidding it out again at the citywide level. But as of now, they have not given us any deadline in terms of by when they would do that.

**Ansh Manek:** And what would be the outstanding amount for this specific project as of date?

**Subramanian N G:** For Mangaluru the total outstanding amount is around ₹48 Crore.

**Ansh Manek:** And sir my last question would be with respect to the construction in debris contract. So, if you can highlight the process of the contract, what would be the byproducts like this we have Kanjurmarg RDF and compost sale. So, do we have any other byproducts which should be also forming part of this type of contract?

**Mahendra Ananthula:** So, in the case of the CNG project that we have with MCJL, our revenue model essentially is hinging on the processing fee or the tipping fee which the client is going to give us. So, that is going to be the primary revenue. Now coming to byproducts in all CNG projects. The byproducts are sand and aggregates, which are sold to the construction companies and or use it to make value added products like paver blocks, tiles and things like that. So, that's the second line of revenue stream. So, that you can say, is similar to the RDF and compost business in the Kanjur facility. So, we will have two revenue streams, bulk of the revenue and the project is, bulk of the revenue will come from that tipping fees and the project is viable on its own based on tipping fees. Whatever comes by selling of this sand aggregates or value added products comes with an upside, that would be an upside.

**Moderator:** The next question comes from Harshil from Xsparsh. Please go ahead.

**Harshil:** So, I have seen the results, so I have one question that we wrote back excess liabilities of ₹9 Crore during half year ended September 23, which you can find it in cash flow statement. So, the EBITDA percentage that we are considering right now, within that EBITDA percentage including these nine Crore or excluding this nine crore?

**Subramanian N G:** The amount is not fully will return back because that period is of multiple corporations at multiple timeframes. So, the only amount that we have returned back is of ₹6.78 Crore in the first quarter. In the 2nd Quarter, our entire amount of ₹12 Crore was not provided for in the past at all. So, that was no provision to be made because we didn't recognize this escalation since there was no standing committee in any of the corporations where this matter was pending. So, once the corporation have given us an in principle approval and then we have recognized the same in the first and in the 2nd Quarter.

**Harshil:** So, my point here is that EBITDA percentage that we are considering right now, the EBITDA numbers that we are considering whether this is including this ₹9 crore provision which we wrote or excluding this nine crore?

**Subramanian N G:** So, the reported EBITDA, the core EBITDA margin of 25.6% includes the escalation amount that we have received. If we were to strip out the escalation of the prior period that is till March 22, if we were to remove that our core EBITDA margins is 21.6%.

**Harshil:** Okay. So, apologize again, because if you open your cash flow statement, you can find one line item of excess provision brought back of approximately ₹9 crore credit, that ₹9 crore credit it is there in your cash flow.

**Subramanian N G:** That has not been utilized because that is our ECL provisioning that we have kept.

**Harshil:** Okay, so that is the ECL provisioning right?

**Management:** Yes, that's an additional provision which has been kept.

**Harshil:** So, we don't get back in this year?

**Subramanian N G:** No, we have not included that and as a policy the Board has suggested that we create an ECL provisioning because of the variability in the revenue recognition pattern. Given the past experiences as a prudent accounting policy we have started creating an ECL provisioning, which is equal to around 1% to 1.5% of the revenue. So, that's how this kind of works out, it's also case specific, but that's the nature of the process here.

**Harshil:** Another question that I would have, that we had I have seen the annual report for March 2023 and March 2022. I have seen that we are significantly irregular or delayed in payments of statutory dues, because if you see your account before March 23, we have approximately paid around ₹70 Lakh or ₹80 lakh towards delay in payment of statutory dues.

**Subramanian N G:** Yes, so let me please explain to you the reason why there is a delay in the payment of the statutory dues, it is predominantly related to a mismatch in the name of the UAN number of the Provident Fund Employees. So, what happens is, in January 2022 and 2023 onwards, it was mandatory that the PF portal be seeded with the Aadhaar number of the employees and the PAN number. In bulk of our employees who are actually in the marginalized class of society. They don't have these details in place, the names do have a mismatch. For example, the Aadhaar cards the surnames are normally alphabets in our case. So, that has been a mismatch that is why the PF which has been deducted, could not be paid to the PF portal. Now, this was a case for around 787 employees across our organization, the same has been addressed now we have come down to around 82 employees, then the same will be redressed and updated by the end of the current financial year. So, this is something which is a problem from the PF portal where the company is not been able to correctly upload the chalans in the name of the employee because of the name mismatch.

**Harshil:** Okay. And I have seen that for two consecutive year in March 23 as well as in March 22?

**Subramanian N G:** Yes, so we have a decent amount of churn on in our business, the attrition rates are very high its around 22% to 24%. So, a person who has worked in our site like a driver or a laborer, if he discontinues his work, then that amount still has to be sorted out, it is very difficult for our company to kind of chase a person and get his documents and get it uploaded so, that is something that we are addressing, we have spoken to the PF commissioners and the authorities to allow us to have an offline portal where we can provide these documents, get it signed by the civil surgeon of the particular state to allow the change in name because most of these people don't even have school leaving certificates. They are either fifth standard dropouts and stuff like that, and the PF portal needs a school leaving certificate of 10th standard, which is proving to be a difficulty for us. So, these are actual problems that we are facing at the ground, we are also approaching the NI C to find an option where this can be done off the system so that we can make it regularize the issue.

**Harshil:** Okay. And just one last question, that we are paying significantly high remuneration to non-executive Directors, because I have seen the remuneration that has been paid to non-executive Directors towards commission and attendance of Board meetings and all that is one crore. So, three Directors, non-executive Directors we are paying around 40 lakh, approximately 40, 30 lakh each, to each of the Director. So, do you think that this payment of such amount is justifiable touching the size and scale of the business, nature of the business, this quantum of remuneration is justified because I have seen other companies payment to non-executive Directors and it is not that as much as what we our I can see in your company?

**Subramanian N G:** Sir the nature of our business, the nature of work, the time and effort that goes into kind of working with the clients and managing the workload is significantly different. I'm not sure about the peer comparison that you're making here. So, I will not be in a position to compare whether it's in line or excess or below that, but we feel that the remuneration for the non-

executive Director is to be in-line with the time and effort if you look at the business potential, the kind of grow, the kind of traction, it's a difficult job, the milk run starts at five in the morning, there are issues on the ground, the escalation is very rapid. So, those things needs to be tackled. Unlike industry like in the cement or steel industry where lateral recruits are possible in waste management it's very difficult to get replacement of these people who have got more than two and a half decades of experience in this business.

**Harshil:** Is the 24% to 25% margin that we are speaking about, is this including escalation cost or excluding escalation recovery?

**Subramanian N G:** So, the reported margin of 25% includes the escalation. So, if I were to strip out the escalation of the prior period, which is till March 22, which has been accounted now the core operating margin would be around 22.6%.

**Harshil:** Okay. And how much is the escalation claim that we are expected to submit in next couple of months or next quarters?

**Subramanian N G:** We are looking at around ₹14 Crore from one corporation, the other corporation will be around similar lines, but the timing of the same is something that the management will not be in a position to give today because there are no standing committees, there are no election members in those corporations so it's likely to get delayed.

**Moderator:** Your next question comes from Ansh Manek from Equirus Securities Private Limited. Please go ahead.

**Ansh Manek:** Sir, I had a question with respect to the sustainable core EBITDA margin in the mid to long term?

**Subramanian N G:** So, sustainable margin for us, if escalations and everything come on time, the core sustainable operating margin would be in the range of 22% to 23%, 21% to 23% would be a very safe range for us to work with because 60% of our cost have escalations built into the system. So, that kind of gets a pass through benefit. So, on a sustainable manner 21% to 22% is something which we can work.

**Ansh Manek:** It's EBITDA margin right sir or EBIT margin?

**Subramanian N G:** EBITDA margin

**Moderator:** Your next question comes from Bhavya Gandhi from Dalal & Broacha Stock Broking. Please go ahead.

**Bhavya Gandhi:** Just wanted to know that any thoughts on repaying the debt, in the long term, do we want to be like a debt free company or will debt keep sitting on our books because for our further growth,

as I understand, our ROCs are lower than the rate of revenue growth, every year either we will have to do dilution for further growth or rely on debt. So, if you can throw some light on this, because we will be growing faster than our ROC or ROE rates right?

**Subramanian N G:**

The problem is the multiple one. So, as an infrastructure services company, and in view of the fact that we are working with only one kind of clients, the ability to raise debt is also a matter of the kind of financial viability and the flexibility that the management has. The BBB+ credit rating that has been given to us is backed by the fact that there is a decent amount of cash in the system, and the debt is also very easily serviceable. To be a debt free company, it is easy for us because basically that would mean that if you stop bagging any contracts for the next couple of, within next three and a half years, we can throw up enough cash to be a debt free company, for the first half, the cash flow from operations after working capital was around ₹90 odd Crore, and the total debt is around ₹380 odd crore, so within four years, we will be a debt free entity in that sense. We would always like to have some debt because that helps us in kind of bidding for multiple projects at the same time, not just bidding on one kind of stream of revenue.

**Bhavya Gandhi:**

Right, okay fair enough. And if you can throw some light, I know it's very early right now, but if you can throw some light, what would be the entire process of collecting construction debris, the corporation will tell you collect the debris from a particular building or how is it like, if you can just explain the entire roadmap how the process will be done on ground level?

**Mahendra Ananthula:**

So, as per the tender we are supposed to collect waste from Western suburbs of Mumbai. So, that's the area of jurisdiction that we have in our scope. And then there are two types of segments, two type of customers, I would say one are the builders, builders who are taking up redevelopment projects and are likely to generate a lot of debris. So, they are the people who are mandated to supply the waste to us, which we will carry and process at our site. The second would more at the ward level or at the sector level, wherein people generating lesser quantity of construction debris, but they would like to keep it outside their building or a small building or something like that. So, you can say maybe some large builders, and individual household owners who generate these two. So, that's how the tender has specified these two types of customers.

**Bhavya Gandhi:**

Right. And the payment will still be received from the corporation, although you might be picking maybe from a Lodha builder, but the payment still.

**Mahendra Ananthula:**

Yes, as per the MCGM bylaws, whoever generates construction debris, as part of the construction activities is supposed to inform BMC, take their approval and deposit them a specified amount of fees based on the volume of waste that they generate, so that will accrue to the municipality and our revenue will come from BMC based on the weighbridge data at our sites.

- Bhavya Gandhi:** Okay, there is no minimum off take guarantee that they provide you, that this many tonnes would be guarantee from.
- Mahendra Ananthula:** There is off take guarantee but 600 tonnes per day is what the client has given a lot of data during the tender document, so 600 tonnes per day is what we are working with.
- Bhavya Gandhi:** Okay. And do we require any complex machinery for this sort of conversion of this debris or how is it like a bit difficult for us to understand so?
- Mahendra Ananthula:** I will explain it in simple way. So, there are two main equipment one is called the jaw crusher and so on, which is, when you get the waste, you will have very, very large size of the waste so it has to be crushed. So, that is called jaw crusher so that is one equipment. And the second equipment is the main processing, is the core part which is what actually processes based on wet washing process. And that is something that we have procured from a company called CDE Asia, which has supplied similar machinery for similar plants to at least 10 other projects in the country. So, we have gone for vendors with experience. So, these are the two sets of equipment, which forms the crux of the planning machinery.
- Bhavya Gandhi:** Perfect. And where would this land be located, where we will be carrying out this entire processing?
- Mahendra Ananthula:** This is at Dahisar.
- Moderator:** Your next question comes from Harshil from Xsparsh. Please go ahead.
- Harshil:** So, just wanted to understand, that how much percentage of revenue that you are expecting to get from non-government business over the next two to three years, over a period of time, because right now what I understand is significant revenue change is coming from government, government municipality agency, municipal corporations. So, how much percentage we wanted to diversify over a period of next two to three year Thank you.
- Mahendra Ananthula:** So, it's difficult to put a number and we don't want to put a number but let's say, going forward let say in five years from now we want to have about 15% to 20% of non-municipal revenue in five years from now.
- Harshil:** And do we plan to get into any other waste management, say for example any corporate waste management, or we wanted to focus on e-waste management, or do we wanted to have any strategy, or do we have any plan to focus on those businesses?
- Mahendra Ananthula:** As I explained at the beginning of this call that, in this entire recycling, all the circular economy theme, we explored several segments, there is recycling of different types of waste. So, we looked at e-waste, we looked at plastics, we looked at tyres, batteries, auto recycling, and so on. And we thought that, given our experience, our synergies with existing core

business, it is worthwhile to start with auto and tyre recycling. And that's why we are working more on those two segments. As and when things evolve in e-waste, and plastics and other batteries, we will be exploring that as well.

**Harshil:** Okay, I apologize, because I could not attend at the beginning of the call so I was not aware about that, anyways thank you. And how much revenue that you are expected to generate from vehicle and tyre scrapping over a period of next five to seven years or when we start that the work on ground. So, how much portfolio in terms of percentage that we look to generate revenue from those things?

**Mahendra Ananthula:** It's very early to give any number or commitment on that, because as I said that these segments are first of all it was convenient on the government coming up with a care policy which they have done, which is a very huge positive. And then comes a point of view of the implementation of this. So, we see more traction in auto, recycling and so on. That's why we thought we'll get into that, but in terms of the size, in terms of viability, in terms of how the consolidation will happen in this business that is something which progress towards the very early days for this segment.

**Harshil:** And one last question that, how much currently I can see the receivable of around ₹250 Crore and we have a balance size of ₹1260 Crore, so approximately one fifth of this year, one piece of our asset is clocked in receivable. So, how much sustainable receivable that we expected to see over a period of time because ₹250 Crore on a revenue of ₹800 or ₹900 Crore, do you think that it is on higher side or this would remain sustainable for a longer period of time?

**Subramanian N G:** So, the receivables you need to look at it in two points. One is there is also an unbilled revenue component which is like one month of revenue, because the billing for waste management let it be collection transportation or processing is on a monthly basis. So, end of the month the bill gets raised. So, that component itself, receivable as an unbilled revenue which is not sent out one, second is also the tender has a retention policy, where in percentage of the revenue is kept on hold and release to the operator at the end of the contract. So, these are the two components which kind of adds to the number of around +200 that we are referring to, the retention amount by itself is around ₹48 Crore. And your unbilled revenue would be in the range of around ₹ 70 to 80 Crore. So, both of them together is around ₹120 Crore by themselves. So, the net effective receivables that we should be worried about or looked at would be in the range of ₹120 to 130 odd Crore. And the management is very astutely aware of the money that gets stuck here because this money would actually help us fuel our growth. So, if you look at day sales receivables, we have been trying to work it around it's still at 78 if I'm not wrong and that is something that the management is definitely working on. And any benefit from them will definitely help us for the equity contribution on newer project for us.

**Harshil:** Okay. And do we have any plan to give any dividend this year?



- Subramanian N G:** The Board is considering this option but at the technicalities which we need to look at as a standalone level, the company's projects are not significant. Company has a lot of revenues in the downstream entity, which is your AG and Antony Lara. So, as part of that we are started with the first step of merging two of our wholly owned subsidiary into one large wholly owned subsidiary. Maybe it's a long term process for us to kind of make it streamline and push some funds into the listed entity to make it the most tax efficient way of declaring dividends or taking the funds out. So, that is one way that we are looking at. But to answer your question, the Board has discussed dividends at various forums, and we definitely would be looking at that sometime in the next year.
- Moderator:** Your next question comes from Uma from Florintree. Please go ahead.
- Uma:** Just wanted to understand you mentioned some three new projects, could you throw some light on the numbers of those projects?
- Mahendra Ananthula:** So, we were talking about Panvel collection and transportation, which is about ₹376 Crore of revenue over five years, the client has option of extending it by another two years, but there is one collection and transportation project. The second one is the mechanical sweeping contract Pimpri Chinchwad Municipal Corporation. So, that is about let say a seven-year contract, it is about ₹80 Crore of revenue and with the third one probably you are referring with the Nagpur mechanical sweeping contract, it has already started. So, that is about ₹12 Crore if I am not wrong and it is also a seven year contract.
- Uma:** Okay. And the margins would be similar to the?
- Management:** Yes, similar kind of margins.
- Mahendra Ananthula:** Your next question comes from Bhavya Gandhi from Dalal & Broacha Stock Broking. Please go ahead.
- Bhavya Gandhi:** Just wanted to know is there any thought process behind this group restructuring, are we planning to sort of delist, relist or create some value addition out of this different entities within the main entity itself, that's the first question.
- Subramanian N G:** So, the idea behind the corporate restructuring is just to clean up the corporate structure because there are multiple subsidiaries and all of them are wholly owned subsidiaries. So, that adds to a list of compliances, additional managerial oversight and time. So, it was purely meant to clean up the org structure how two, three lines of activity, processing, collection, transportation, thereabouts. The main reason why these companies were formed was because of the section 80IA tax benefit under the minimum alternate tax. So, since that is no more required, we want to do that and we just got delayed on that and now we are just trying to get it done.

**Bhavya Gandhi:** Right and with respect to vehicle scrapping, will there be a tendering process or we have to sort of go to the customers directly and ask for the scrapping if you can just throw some light on that front as well?

**Mahendra Ananthula:** So, the vehicle scrapping policy is that you have to apply with the State Transportation Department for the license to set up this plant. And then they have already issued guidelines in terms of what all needs to be there for example, they need to be two acres of land. And then there are a few more conditions that one has to meet, based on which license will be given so these are merchant plans so there is no tendering required as far as getting these projects are concerned. For the vehicles but if your question is also about how will we source the vehicle is that the question?

**Bhavya Gandhi:** Yes, source as well as license if you can throw some light on the license as well so I didn't understand what do you mean by license and if there's a difference between the tender and license getting a license?

**Mahendra Ananthula:** So, it's like this, so let say if you want to do a project in a city of Bangalore. So, then they have to go to the Bangalore city transportation commissioner and then apply for a license. So, there are certain conditions which they have given, if we meet that including having land of minimum two acres and so on. So, then the commissioner will give us an approval or you can say license or approval for setting up this facility. Then setting up this facility is like setting up any other factory, which is incidentally going to be a merchant plant. So, that is why to answer your question there is no tendering process required to get such projects, it is based on our own market study and survey and attractiveness of the location that we can define which city or which state we want to go to.

**Bhavya Gandhi:** Okay. And similarly on the sourcing part. So, then once you get the license, how do you source the scrapping?

**Mahendra Ananthula:** So, the sourcing of vehicles, as per the policy any diesel vehicle which is more than 10 years or any petrol vehicle which is more than 15 years needs to be scrapped. So, which basically means that that vehicle owner has to come to such a facility, give the vehicle for scrapping and then we as a facility will have to scrap it and cancel the registration of that vehicle at the Vahan website which is the MoRTH website for registered vehicles, and then give him a certificate within a specified number of days. So, that would mean that, the vehicle is officially scrapped. And in terms of sourcing of these vehicles, either customers can come to us because they would be not too many such facilities in a given city. So, depending on what is convenient, so the owner can approach us directly, but then apart from that, we also will have a website, we also have an app under which people can actually sign up for that. Then there are also these insurance companies or there are police, police department or dealers who have this inventory of old vehicle so that would be sourced from that. The tendering for such vehicles would only

be in the case because some of these public sector undertakings, PSU or government departments, they auction their charge vehicles, so for that we will have to fit.

**Moderator:** As, there are no further questions from the participants. I now hand the conference over to Mr. Jose Jacob for closing comments.

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

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