



# “Antony Waste Handling Cell Limited Q1 FY2023 Earnings Conference Call”

August 11, 2022

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

**Moderator:** Ladies and gentlemen, good day and welcome to the Antony Waste Handling Cell Limited Q1 FY2023 Earnings Conference Call. This conference call may contain forward-looking statements about the company, which are based on the beliefs, opinions, and expectations of the company as on date of this call. These statements are not the guarantees of future performance and involve risks and uncertainties that are difficult to predict. As a reminder, all participant lines will be in the listen-only mode and there will be an opportunity for you to ask questions after the presentation concludes. Should you need assistance during the conference, please signal an operator by pressing “\*” then “0” on your touchtone telephone. Please note that this conference is being recorded. I now hand the conference over to Mr. Jose Jacob, Chairman and Managing Director of Antony Waste Handling Cell Limited. Thank you and over to you Sir!

**Jose Jacob:** Good afternoon and a very warm welcome to everyone present on the call. Along with me I have Mr. Subramanian – Group CFO and SGA, our Investor Relations Advisor. I hope and pray for your continued safety, health and security as well as that of your family. Our investor presentation is now available on the stock exchange and on the company website.

Before I begin my comments on business performance, I would like to inform you that the Board of Directors of the company has appointed Mahendra Ananthula as Group - President effective August 16, 2022. Mahendra has over 30 years of experience mainly in the area of urban infrastructure, waste management, and water management business. Over the last few decades Mahendra has gained extensive experience in corporate strategy, project development, sales and business development and urban infrastructure space. Earlier he was associated with Feedback Infra, ICRA, and Padco Inc and more recently he was with SUEZ AG where he was responsible for sales and development of water and waste management business. He has an extensive experience with both the public and private enterprises. His appointment is in line with the company’s aims to broaden and deepen our experience in the field of solid waste management and related and emerging areas of waste management as well. Also, I would like to take this opportunity to thank Sameer Kolte who has decided to move on for personal reasons. During the period Sameer has been instrumental in improving the process and he is handling the functionalities across the breadth of the company.

Coming to the business performance: It is a pleasure for me to inform you that company has reported its highest ever operating revenue of Rs.156 Crores during the quarter reiterating our view of strong year ahead. The core revenue grew approximately 19% year-on-year due to increased volumes handle and waste process. As our new contract ramped up and

economic activities improved in the area we serve as well as price escalation benefit in our tipping fee compared to the previous year.

On to business wise performance: Municipal Solid Waste Collection and Transportation Projects, we have 13 ongoing projects after having added the new contracts for two zones in Nashik mainly Panchavati and Satpur. The project will handle 240 tons of municipal waste per day and we anticipate that the project will begin operation on or before September 30, 2022. Our MSW C&T business volume increased by 16% year-on-year to 0.40 million ton in the first quarter of fiscal year 2023.

Coming to Municipal Solid Waste processing project. For the three months ending June 2022 we process approximately 0.65 million metric tons of Municipal Solid Waste in our processing projects, which included Kanjurmarg, Pimpri-Chinchwad, and the Greater Noida bio-mining project. The total tonnage processed during the quarter increased by 18% on year-on-year. Despite heavy rains in June bio-mining of our first cell in Kanjurmarg is progressing very well. We are pleased to report that the site has dispatched a record tonnage of compost and RDF in the month of July 2022. This comes on the yields of our record breaking month for new compost order bag. The construction activities at the Pimpri-Chinchwad site are proceeding according to the plan and we remain on track to begin operation by March 2023.

On the sustainability front we are making good progress on our ESG journey. Electric and CNG vehicles norm account for approximately 8% of our total fleet, waste processing and converting the sale into compost, power, and refuse derived fuel helps in reducing greenhouse gas emission. At our Kanjurmarg site approximately 85% of the total power consumed is generated from our bio-reactor landfill gas engine. We will continue to implement sustainable business practices that will help us achieve our long-term goal of "Sustainability with Growth". Our target would be to be a net zero emission company by FY2025 if not earlier.

We will continue to focus on contracting in newer municipal areas while adhering to our cluster-based strategy. Various municipalities are issuing tenders in the waste processing and MSW C&T segment, which will serve as a good growth opportunity for us. This is it from my side. I now hand over the conference to Mr. Subramanian, our Group CFO.

**N. G. Subramanian:**

Thank you Jose. Good afternoon everyone and thank you for joining us for our first quarter earnings conference call. I will share the highlights of our financial performance. The strength and resiliency of our business was clearly on display in the first quarter as we build on the growth reported last year, the momentum continued. Our teams remain focused on improving efficiency which has reflected in record volumes being processed and handled.

The in-built escalation process have also benefited the company and inflationary environment and the annual salary revision for grade one to grade five employees has waved marginally on our core EBITDA margins which we believe can improve as we progress during the balance period of the year.

During the quarter ending June 2022, the company reported operating revenue of Rs. 156 Crores against Rs. 131 Crores in Q1 FY2022, up 19% year-on-year. The total revenue which stood at Rs. 240 Crores included Rs. 71 Crores of project revenue arising from the accounting standard 115 of Ind-AS accounting norm and is mainly related to the ongoing capex activity at our PCMC waste energy project. The increase in core revenue of 19% was driven by an increase in volumes in both C&T and in the processing and partly from the in-built price escalations. Consolidated EBITDA has registered a growth of 17% to Rs. 49 Crores in the June 2022 quarter compared to Rs. 42 Crores last year with EBITDA margin of 20%. The softness in EBITDA margin as I referred is primarily due to higher project revenue and related project cost due to the accounting standard as mentioned. Core EBITDA margin is still lower on a year-on-year basis at approximately 23% which is availed by higher O&M cost and also due to annual salary revision. Profit before taxes was Rs. 35 Crores for Q1, which is up 23% year-on-year and consolidated profit after taxes has risen to Rs. 29 Crores from Rs. 22 Crores last year which is an increase of 30% year-on-year. Profit to shareholders after mintirotiy interest stands at Rs. 23.6 Crores versus Rs. 16.8 Crores for the same period last year which is an increase of 41% year-on-year and sequentially it is up 18%. The municipal solid waste C&T revenue is up 21% for the quarter at Rs. 115 Crores as compared to Rs. 95 Crores for the same period last year the growth was on account of increase in total MSW C&T volumes by 16%. MSW processing revenue has also improved to Rs. 41 Crores partly due to the contribution from Greater Noida bio-mining project which was absent in the year ago period.

Talking on the balance sheet side, our net debt to equity as of June 30, 2022 came in at around 0.4x, total debt as of June 30, 2022 stood at Rs. 229 Crores and net debt is at Rs. 160 Crores. Our total net worth stood at around Rs. 560 Crores for the period. The overall credit profile of the company has improved resulting in a 390 bps decrease in our average consolidated borrowing cost from 12.7% as of March 2021 to 8.79% as of June 30, 2022. Our receivable days as of June 30, 2022 were 77. The total net block including the capital work in progress as of June 2022 stood at Rs. 542 Crores as against Rs. 435 Crores in March 2022 and of the Rs. 542 Crores the net block employed at the waste processing is approximately Rs. 430 Crores. Currently our key business indicators point to continued positive economic activity. Having said that Antony Waste is well positioned in any economic environment. Our resilient business model is undersigned by diverse customer base and essential nature. The essential nature of our business and annuity like

characteristics of our revenues are positive factors. We continue to advance our long-term strategic priorities of providing the best workplace for employees, investing in technologies differentiate Antony Waste and permanently reduce our costs. We also will leverage on our sustainability platform for future growth. That is all from our end we can open the floor for Q&A. Thank you.

**Moderator:** Thank you. Ladies and gentlemen we will now begin the question and answer session. We have the first question from the line of Keshav from RakSan Investors. Please go ahead.

**Keshav:** Good afternoon Sir. Firstly, it would be great if you could help understand the DBOOT contract revenues accounting a bit on the front of how it is expensed, what sort of margins we make and also on the receivables that come with it both current and noncurrent?

**N. G. Subramanian:** As per accounting standard 115 since it is the DBOOT contract the assets gets pass through our income statement since that is a charge mechanism, the right to charge issue. So as and when the company incorporates any capex related to DBOOT project we need to recognize the potential revenue which is based on the project IRR which is very conservative number based on GSEC plus a spread of around 300 bps at the beginning of the project which in our case we have taken it around 10.2% totally. So, we kind of recognize that as a part of a revenue component and the actual cost which is the contract cost is expensed out as a contract cost norm and then the assets category get reflected either as financial assets or as intangibles. There is a split between them is as per the tender clause, if the tender clearly mentions that there is a minimum assured tonnage or a minimum guaranteed tonnage that kind of an element that gets recognized as financial assets, if the tender is slightly moot on that point and it is slightly ambiguous then the entire capex of that activity gets recognized as intangibles. Both these items gets amortized over the period of the project as per the tangibility of the entity and as per the tipping fee that gets build over a period of time. We can ask our investor relations team to send you a detailed note on how we pass these entries, how the sales recognized as financial assets as well as current assets or as noncurrent assets, these would be as per the service concession agreement accounting norms.

**Keshav:** Sure Sir that will be great. Secondly the tonnage processed in the PCMC project will be a fraction of the Kanjurmarg zone right so from a contribution angle it will have a fairly lower number compared to Kanjurmarg?

**N. G. Subramanian:** The Pimpri-Chinchwad waste energy project has a capacity of around 1000 tons per day and that will not increase unlike the project that we have in Kanjurmarg. The technology which we use in Pimpri is of waste energy so there is a cap, you cannot increase the boiler capacity on a incremental basis, We need to set up a different plant completely for any enhanced waste that which we have processed. So, we process around 5800 tons in

Kanjurmarg on a TPD basis and that can go up to 7500 tons per day. Yes, so PCMC will be capped at 1000 tons per day.

**Keshav:** On the pet bottle recycling front now is it fair to assume that post EPR in the areas of our presence for C&T we should technically get the largest pie on the sourcing end because this kind of waste would largely be non-industrial waste or am I reading this differently?

**N. G. Subramanian:** Yes, what happens in India is there is a fantastic cycle of recyclers from all chains so certain amount of plastic which gets thrown out in residential gets recycled through the housekeeping agencies thereabout, what we get as either at processing end is something that we have a very strong control on and the company is already tied up with few companies in this aspect.

**Keshav:** Just one last bit so with the EPR coming in would the bottle manufacturers be responsible to use the recycle pet as the feedstock for making more bottles or the supply chain would defer and there is not much market yet in India for food-grade plastic recovery so why I asked this is to understand how value will accrue to us in say another four to five years for example if there are firm commitments from the bottle manufacturer for food-grade recycling the supply chains and processing chains will get incentivized in a more sustainable way and more value might accrue to us as well as sources?

**N. G. Subramanian:** So, this is as you rightly said it is a long-term process even today that companies and the operators are still finding a way around to most efficient way of recycling of collecting and recycling, distributing and segregating them to the rightful category shape. So, till that time segregation at sourced improved significantly there will always be a gray area about whether a producer will be in a position to have access to that right quality of recycled product for him to tap into. So, till the time the segregation is main mandatory at the generation point this will take some more time for the policy to kick in but in three to four years time a large number of plastic or the other recycling thing will be adhere to and will be looked into.

**Keshav:** Thank you for answering my question I will come back in the queue.

**Moderator:** Thank you. We have the next question from the line of Faisal Hawa from H G Hawa & Co. Please go ahead.

**Faisal Hawa:** Appointment of Mr. Mahendra Ananthula as the President of our Development of Operation lending business so what exactly do we want to develop which vertical because the existing businesses does not need a industry heavy weight like Mr. Mahendra Ananthula so that is one so what are the kind of KRAs that we have given to him and are there any

business targets or revenue target given to him? That is one and can you just elaborate some reasons on why Mr. Sameer Kolte has resigned from the company? This compost bit looks to be like a very good sector for the company's business if you can process the waste already lying in our Kanjurmarg land it would result in the revenues straightaway and in freeing up of the land and the site, so have we taken any steps to improve the production of the compost further, I know that we have already done the highest ever sales in this quarter on compost so is there any more improvement that we can make and third is our projects expenses have really almost doubled this quarter, I guess it is because of the PCMC project so can we now put this into like fixed assets instead of getting directly to P&L and what are your thoughts about it?

**Jose Jacob:**

Regarding Mahendra Ananthula, one of the reason is like we are focusing the growth on municipal solid waste processing and like waste to energy and growing this particular sector like how we are signing Kanjur as well as waste processing in Pimpri-Chinchwad. So Mahendra has a big experience and the company he has worked in SUEZ which is predominantly into waste management and one of the largest French company and they are into waste processing from waste to energy and all that. So how to structure the build process and how we can win where it is less capital intensive and achieve those type of contracts long-term contracts which is 20, 25 years and that is one another important thing for waste processing our municipal solid waste. As per our collection transportation we are already good but he had a strength in that particular segment and we have given him certain amount of targets where we have to achieve in the next three years to take the company to a bigger level and that is one of the reasons we feel he is very important for the growth of the company in a big way. As far as Sameer Kolte when we hired Sameer Kolte, since we have have known him for many years as a consultant. and he has very good experience in waste for creating right processes improving the processes in all the area like when we have lot of spare parts, procurement systems and HR systems and all that. So his involvement really helped the company to create robust processes because without having robust processes if I am winning a lot of contracts does not help so if we have processes in place then winning contracts really helps. And the other thing is Sameer felt that he has done whatever he can and he has taken the company to the level as expert process guy and he wanted to carry on with his interest where he is really good at so that is the reason he left Antony he wanted to go with his interest.

**N. G. Subramanian:**

On your point with respect to compost sales we have already started augmenting our systems to increase the production of compost without compromising the quality of compost. So we are in the process of doubling our processing points wherein we can segregate or generate compost from fresh waste over and above the current limits so yes and we have now understood that there is a market for it because in the past over the four, five

years compost sales was something which we were very skeptical and we could not understand how large a market existed, over the last three years we have been able to monitor this industry closely and now it warrants that we can definitely put in incremental capex because the returns would be positive. So bio-mining activities also started which will also help us in generating higher volumes of compost. On your third question is something we would definitely love to but unfortunately the accounting standard does not allow us to shift out of accounting standard that has been mandated by the regulators that all companies which are listed needs to follow the Ind-AS accounting norms. So if I were to be a private limited company I would be showing whatever capex that I do at land and building, plant and machinery and you can actually have it the old way of accounting but since I am a listed company I need to adhere to the listed norms.

**Faisal Hawa:**

So the extra is actually almost like a capex we have made but it is going to P&L?

**Subramanian:**

Yes, so the item that you look at as intangibles in our books they are not copyright or goodwill or trademark, they are actually material recovery facility.

**Faisal Hawa:**

Compost sale could be like say 20%, 22% of our total revenue ever or we are wishing for too much?

**N. G. Subramanian:**

Technically that will not be so high because good quality compost if I process 100 tons of waste I would be generating around 7 tons of sellable good quality compost so if you are talking about 22% of our revenues then the processing amount has to be significantly higher than what I intake it and it is not in the vicinity at the most at the peak you can look around 8% to 9% of the revenue to be some sale of RDF and compost because that is what the volume metric is, and maybe there is a price range and everything that comes in. Today there is a demand for compost because the need of the hour is to enrich the soil condition across the country because of excess usage of urea and NPK the soil condition has taken a hit. Now once soil condition improves and the moisture and there is established market for such compost we will definitely cool down to the market share that we have got till now and maybe we also definitely improve on that.

**Faisal Hawa:**

We can supply that fuel; we were supplying boilers to RDF, also those sales also increasing in time to come?

**N. G. Subramanian:**

Yes, we have been able to source and supply a higher amount of refuse-derived fuel over the years and that percentage the amount though the base is small we have been able to show at around 80% to 120% increase on a month-on-month basis. So that is another confident thing that will help us boost our other income and reduce our reliance purely on tipping fee. This industry is also new, their acceptance of the product is good, the calorific

value is as high as that of coal and it is around 3600 kilocalors today. There are negatives the negatives being ability of these fuels to observe atmospheric moisture, the transportation cost is high, so those are the risks and problems that any company in the waste management field. So unless and until waste to energy plant set up at the processing unit then this will definitely reduce the kind of waste and gets the recycle into the system today.

**Faisal Hawa:** The various other measures that you take like e-waste collection or dry waste collection from each and every home in Mumbai like are we made any kind of...

**N. G. Subramanian:** We have made some solid headways in the cities of Delhi for now and we were rolling out a similar activity in Varanasi and Jhansi. So establishing a system and getting the people to get used to this way of segregating waste and handing it out to suppliers and operators like Antony it is a slightly long-term activity. So we definitely started work on that mainly the at end of the current calendar year we will be able to showcase the kind of tonnage that the company has been able to recycle without the same ending in the landfill of that particular city.

**Moderator:** Mr. Hawa does that answer all your questions?

**Faisal Hawa:** Very well answered. Thank you so much.

**Moderator:** Thank you. We have the next question from the line of Neerav Dalal from MIB (Maybank) Securities India. Please go ahead.

**Neerav Dalal:** Thanks for the opportunity. I had three questions. First was in terms of our revenue growth what would be the contribution of the new projects or projects that have not completed 12 months of operations or stabilized that is number one, number two in terms of the escalation clauses that were there so have we been able to get a 100% benefit of that in this quarter because this would be the quarter wherein the fuel cost would have been very high for us and number three would be any new initiatives in terms of adjacent businesses that you had talked about in the last conference call any headway in terms of any adjacent businesses that we are looking at entering or any plans on that?

**N. G. Subramanian:** The new contracts that we have bagged the revenue would be marginal the Jhansi was one thing that we started and the revenue contribution from Jhansi is not more than 3% of my consolidated revenue today so it is not significant but we are definitely seeing a ramp up happening because some of the assets which were to be procured by the corporation were procured in late June and the same has been deployed from July onwards so we are seeing a significant ramp up in the current quarter so we expect that same to be reflected going forward. On your other question escalations approximately 40% of my escalation are of

fixed nature and 60% is variable and around 26% of the variable revenue is coming under the monthly escalation so that is getting passed on but bulk of it I would say around 38% to 40% of my revenues still have a variable but they are either annual or half yearly so the benefit of the increase in fuel cost we may be able to pass it or achieve in the later period.

**Neerav Dalal:** Just a followup on the first two things, so also we have seen that your number of vehicles has seen a large jump so would that be a lead indicator in terms of even higher growth in the next...

**N. G. Subramanian:** Definitely the more the vehicles the more the garbage is collected but that may not actually translate into tonnage revenue that gets reported by the company because certain projects that the ones in Jhansi, the ones in Varanasi is based on the units of households or industrial units or commercial units that we cater to. So when we report the tonnage they may not show a linear increase to the number of vehicles but the revenue will definitely reflect the core unit growth also, but it is a fair assumption to say that the more the number of vehicles the higher is the revenue potential because normally the tonnage carrying capacity we kind of try to maximize as much as possible so that we have efficient use of the fixed assets.

**Neerav Dalal:** So in the coming nine months you will have the benefit of the balance of the variable escalation that would come in plus any bump up in the volumes in the existing one?

**N. G. Subramanian:** Yes.

**Neerav Dalal:** In terms of the last question any new initiatives?

**N. G. Subramanian:** That is an ongoing process for us so we have definitely in the last earnings call we have mentioned that we had bid for six contracts three of them in the collection and transportation, three in the processing. Slightly tangentially lot of corporation bodies they are under election norm so they do not have ruling body today or the standing committees, the corporations like Navi Mumbai, MCGM, Nagpur, there are no elective members today, and other corporations are in the same state. So once the elective bodies are get formulated there will be better traction in awarding the contract. we have bid for such contracts, it is awaited final decision from the elected members if and when they get elected. So till the time the existing operator continues the work.

**Neerav Dalal:** My question was more towards any new adjacent businesses rather than municipal waste management that we are looking at?

**N. G. Subramanian:** We are looking at construction debris processing that is a large business in established cities so that is one area that we are definitely looking for and we are already in talks with the

technology providers and the machines in that aspect so that is one extension that we are looking at. Second extension is of course we have been internally looking at vehicle scrapping and related activity so that is something that we will definitely be entering into given an opportunity and the size of the market and the economic viability of the same.

**Neerav Dalal:** Just one clarification in terms of the project revenues if I were to reverse calculate the project expenses add the 10.2% I would get the project revenues would that be the right assumption?

**N. G. Subramanian:** That will be a right assumption.

**Neerav Dalal:** Got that I will get back into the queue. Thank you.

**Moderator:** Thank you. We have the next question from the line of Bhavya Gandhi from Dalal & Broacha. Please go ahead.

**Bhavya Gandhi:** Thank you for the opportunity. Sir I see almost 500 vehicles added to our fleet so just wanted to know this is for Jhansi project, Nasik project because we were at almost 1200 and now we are at 750 odd levels that is my first question?

**N. G. Subramanian:** The number of vehicles is not just add to Jhansi or Nasik because Nasik is still ongoing the procurement. This is also part of the smaller vehicle which has to be procured at the NDMC contract which we have bagged, and the corporation supposed to provide to us so that is part of it. So the incremental increase in fleet is from NDMC which is the New Delhi Municipal Corporation the one in Jhansi and there are very few vehicles of Nasik which is in that number.

**Bhavya Gandhi:** Is it possible to share the cash flow operations for this quarter?

**N. G. Subramanian:** Can I get back to you on this.

**Bhavya Gandhi:** Sure and with respect to escalation clause if the inflation eases will there be a reversal says for example your inflation eases out and then will there is a de-escalation also to the contract?

**N. G. Subramanian:** No, so if your tipping fee is at the beginning of the contract and that is the base price on which you get the increase on the escalation, so say the diesel prices comes from Rs.108 to Rs.100 what you are asking is my tipping fee go down?

**Bhavya Gandhi:** Yes.

- N. G. Subramanian:** In most of the contracts it is a one way like if there is a fall in diesel prices the tipping fee remains same as compared to the previous rate.
- Bhavya Gandhi:** So maybe we will see some sort of margin expansion if the diesel prices ease off?
- N. G. Subramanian:** Yes, if the fuel prices goes down we can definitely have some benefit.
- Bhavya Gandhi:** Is it possible to give revenue and EBITDA guidance for FY2023 and 2024 broadly your internal guidance?
- N. G. Subramanian:** We are tracking at least a 25% CAGR growth both on the topline and on margins on core margins basis because we should be tracking anywhere between 23% and 25% on the core margins. So, we should be comfortable achieving that but the Ind-AS factor kind of throws the spanner in the guidance so my core revenue has grown a 19% year-on-year for the first quarter that is something that we can easily hold on to and actually go and we are actually looking at 25% CAGR growth over the next couple of years at the core revenue front.
- Bhavya Gandhi:** On the contract revenue if you could just share an example within PPT or externally also that would be really helpful because that gets complicated.
- N. G. Subramanian:** We are more prepared on that I will try to put it on the website.
- Bhavya Gandhi:** Yes, please thank you so much that is it from my end.
- Moderator:** Thank you. We have the next question from the line of Depesh from Equirus Securities. Please go ahead.
- Depesh:** Hi! Sir, thank you for taking my questions. Firstly, on the processing revenue I think the incremental quarter-on-quarter number if I see it is just 3 Crores so just wanted to understand how much is the Greater Noida contribution in this quarter?
- N. G. Subramanian:** The greater Noida contribution in tonnage has been significant I would say around 30,000 tons has been mined in that area so that is the number which we can give from a project specific point of view so the total tonnage we mined would be around 60,000 tons and we have achieve around one third of that.
- Depesh:** So in terms of revenue it will be like what less than like 2 Crores I think that is the number?
- N. G. Subramanian:** For the quarter it is around Rs. 3.6 Crores I would say.

- Depesh:** Full revenue potential of this project is around Rs. 24 Crores?
- N. G. Subramanian:** Yes, so when I say 60,000 that were planned for the first half for the calendar year, the total capacity is around 200,000 tons so we are planning to start moving on the amount at a faster clip from now onwards.
- Depesh:** Secondly if I calculate the underlying margins the business excluding these contract expenses they seem to be around 23% which is slightly lower than what our average we do around 25%, 26% so if any one offs like apart from fuel cost any one offs that was like causing this margin pressure and what is the guidance for the full year and the margins excluding the contract expenses?
- N. G. Subramanian:** Fuel yes that is a pass on that we will definitely kind of recover that impact, the two items that has eaten into our margins a bit has been we had a increasingly higher repairs and maintenance cost and it is also inflationary because the cost of our repairs and spare parts has increased on a year-on-year basis that is one of the reasons why we are seeing some slight increase in our O&M cost and also the three other sites that we have like the one in Nagpur, Pimpri-Chinchwad and Noida they are entering the third and fourth year of operations so the repairs and maintenance do kick in, in this period so we have seen that start and we also have incurred certain pre-monsoon R&M so that is also sitting in my Q1 numbers. Additionally, during the first quarter we have annual salary revision for our grade one to grade five employees that has also been accounted for in this first quarter.
- Depesh:** Thirdly like how much capex has already happened at Pimpri PCMC project and how much is remaining? And I think in the beginning you said right now the net debt number is around Rs. 160 Crores so what do you think the net debt number can go up to by the end of FY2023 when we complete the capex?
- N. G. Subramanian:** So the total capex planned at Pimpri-Chinchwad is around Rs. 177 Crores incrementally of which we have done Rs. 61 Crores till now till Q1. So the balance is around Rs. 110 Crores will have to be spent over the next three quarters so that is the item and it is safe to assume that the entire incremental capex will be debt funded because the equity components already will pump in so we will see our net debt will jump from Rs. 170 Crores to around Rs. 240 Crores.
- Depesh:** Lastly any of the existing contracts which are expected to end in the next six to nine months any of the contracts that are already ongoing?
- N. G. Subramanian:** One in Mangalore has got an extension till January 2023 so that is one and the other two contracts one in Thane and the one in Navy Mumbai they are due for renewals but the

tenders are not yet floated out so till the time the tender gets floated and LOA and everything has come out I think it is safe to assume that these contracts will continue for at least another year and these contracts contribute to around 9% of my revenue today.

**Depesh:** These contracts maybe the drag on the margins right because if they are on to the extension period and in that way basically repair and maintenance cost increase?

**N. G. Subramanian:** Actually yes, they drag but it is a well-oiled machinery so it is not that EBITDA neutral and I am making definitely EBITDA positive numbers on that, but yes I cannot invest more on the upkeep of the machine and these vehicles are around eight to nine years old so they are definitely have a higher repairs and maintenance demand.

**Depesh:** Got it Sir thank you and all the best.

**Moderator:** Thank you. We have the next question from the line of Anurag Patil from Roha Asset Managers. Please go ahead.

**Anurag Patil:** Thank you for the opportunity. Sir for Nasik project how much will be the initial capex we have to do on the vehicle?

**N. G. Subramanian:** We have estimated around Rs. 25 Crores to be the capex based on the latest price and announcements by the Tata Motors and Ashok Leyland and that will be the only capex, we have to have all the vehicles on the ground, we do not have any maintenance capex we are going to opex the entire thing out later.

**Anurag Patil:** In terms of vehicles all the vehicles we prefer to own or there are some parts are leased only?

**N. G. Subramanian:** So, the tender conditions are all the primary and the secondary waste collection units need to be owned by the operator so when we are talking about Tata Ace kind of a mini compactors or large compactors those are owned by the company and that is how it is. We also hire specialized equipments like the JCBs or Poclains and everything, which is higher maintenance and also it has a dead run miles so in a collection and transportation we also hire certain dumpers and JCBs on a need to do basis, but the tenders clearly say the primary and the secondary vehicles should be owned by the operator.

**Anurag Patil:** In terms of project revenues how much project revenues we can expect in the remaining three quarters any ballpark number if you could give?

**N. G. Subramanian:** We would be showing at least an incremental Rs. 110 Crores from the Pimpri-Chinchwad project and incremental around Rs. 28 to Rs. 30 Crores coming from our Kanjurmarg so all put together Rs. 140 Crores of project revenue plus 10% so 140 is 89.8% so we just keep it up so that is my project revenue component sitting in my books of accounts potentially.

**Anurag Patil:** So that will be for entire FY2023 or remaining nine months?

**N. G. Subramanian:** No, this is for 2023 only because by the end of 2023 we have completed the entire capex for Pimpri-Chinchwad so after that there would not be any incremental capex to be spent at the site and so the capex will be spent and capitalized till March 2023. So that is what will be sitting at our project revenue from the Pimpri-Chinchwad site. The one in Kanjur it is an ongoing project so as and when I start exploring my 6 and 7 cell there will be an incremental capex but these are not large capex they would be to the tune of around Rs. 15 to Rs. 20 Crores each.

**Anurag Patil:** Just last question what would be our blended finance cost currently?

**N. G. Subramanian:** You are asking about the cost of borrowing for us?

**Anurag Patil:** Yes, cost of borrowing.

**N. G. Subramanian:** Cost of borrowing is around 9% for us today.

**Anurag Patil:** That is it from my side thank you very much.

**Moderator:** Thank you. We have the next question from the line of Swechha Jain from ANS Wealth. Please go ahead.

**Swechha Jain:** Hi! Sir, thank you for giving this opportunity. My first question is if you could give us the approximately daily tonnage for Nasik and NDMC separately along with the tipping fee per ton on both of these sites?

**N. G. Subramanian:** So the total tonnage at Nasik we estimate it to be around 240 to 260 tons per day and the rate per ton is something that we have now average blended rate will be around Rs.1600 to Rs.2000.

**Swechha Jain:** So the blended is overall right, not specifically?

- N. G. Subramanian:** We have two zones one is Satpur and other is Panchavati so the rates per zone is different because the activity and the complexities are different so the blended rate will be around Rs.2000.
- Swechha Jain:** For the NDMC if you could give the same tonnage and the tipping fee per ton?
- N. G. Subramanian:** The tonnage in NDMC at peak should be averaging not less than 900 to 1000 tons per day and the rate would be similar to the ones that we have bid in Nasik.
- Swechha Jain:** My second question is in PCMC we are also going to generate some power right so if you could help me understand the total megawatt that we would be generating and number of units of power that will be generated per megawatt is what I wanted to understand actually?
- N. G. Subramanian:** So the total installed capacity is around 14.5 megawatt and the net metering after the auxiliary consumption and others we believe it should be around 11.5 megawatt that is a sellable unit this would be sold at Rs.5 fixed for the tenure of the project which is 21 years. So on an average we expect around Rs. 35 to Rs. 40 Crores of revenue depending upon how less of the auxiliary power can we be consumed so that is the number we have. These are fairly conservative numbers so as and when the ramp up happens and the PLF improves this is assuming a PLF of just 85 and this has been assured by Hitachi and Isgec so based on their confirmation and numbers this is what the number stackup today. As and when the project initializes the bottlenecks get evolved and everything our plan is to improve the PLF because the RDF quality over there is very high, the supply of waste is also high, the tender allows us to procure RDF from third parties also so my PLF can be maintained at a higher rate, but we would be in a significantly stronger position to tell on this exact number that you are asking maybe by January of 2023 when the plant has started.
- Swechha Jain:** So number of units of power that will be generated per megawatt is something that you can give me right now?
- N. G. Subramanian:** So the net metering is around 11.5 megawatt based on that, that is a sellable unit.
- Jose Jacob:** Generation 14, in-house consumption will be around 2.5 something and salable will be around 11.5.
- Swechha Jain:** Understood and in the PCMC we are also going to sell the compost right so if you could help me understand that the revenue that can be generated through the sales of compost and other things separately if you could give?

**N. G. Subramanian:** Compost normally it should not be a significant amount because it is 1000 tons per day capacity and we are currently generating around 1010-1050 tons per day so we do not foresee a significant contribution coming from sale of compost but having said that it should be in the range of around 2% to 3% what we have witnessed historically in Kanjur site it may improve but there is a limitation on that.

**Jose Jacob:** It is around 20 to 25 tons per day.

**Swechha Jain:** My last question is in FY2022 our total project expenses close to Rs. 49 Crores and I believe the total project revenue for FY2022 was close to Rs. 99 Crores so what I understand is our profit from the project was basically Rs. 50 Crores is my understanding correct?

**N. G. Subramanian:** No, I do not think so, that is slightly out of whack because we had a project revenue for last year that is FY2022 we had 49 Crores of revenue we are going to add 10% of that to arrive at the contract revenue from that item, so if you are seeing that it is a slightly bigger bump then it also includes revenue from power sweeping and other items in the other components my contract revenue is not so high.

**Swechha Jain:** So what I wanted to understand is, is there any other component of project expense built in, in other expense item or whatever we give like Rs. 49 Crores is the project expense?

**N. G. Subramanian:** Any and everything that we spend on the capital item sits in the project cost it does not flow into my other expense.

**Swechha Jain:** So what I am calculating is roughly we made a project profit of close to Rs. 50 Crores approximately 40, 45 or 50 Crores is that correct?

**N. G. Subramanian:** 47 is the number.

**Swechha Jain:** So what I wanted to understand now is actually so this project is obviously going to get over in FY2023 so the Rs. 47 Crores of profit that we have seen is not going to happen from FY2024?

**N. G. Subramanian:** Let me rephrase it, so what today you are seeing assuming I am spending Rs. 100 Crores on capex so I am showing Rs. 110 Crores as contract revenue and Rs. 100 Crores as contract expenses you are seeing Rs. 10 Crores of EBITDA contribution coming from that. Now after the capex is done you will not have these Rs. 110 Crores of revenue Rs. 100 Crores of your contract cost but this will replace with their actual core revenue of around Rs. 65 Crores in Pimpri-Chinchwad.

- Swechha Jain:** That is what I wanted to understand.
- N. G. Subramanian:** Yes, so this will be replaced with the core revenue that will start generating and the capex which is in my books as financial assets or intangibles gets amortized and comes in the form of depreciation.
- Swechha Jain:** This 47 Crores now is the project expense what we are seeing..
- Subramanian:** That is 4.7 if I am not wrong I think 47 million.
- Swechha Jain:** Sir that will be replaced by the 65% from PCMC right is my understanding correct is what I wanted to know?
- N. G. Subramanian:** That is correct, yes, the project revenue goes up core revenue comes in.
- Swechha Jain:** How much margin can we get on this core topline say of 65, 75 Crores from PCMC Sir any guidance?
- N. G. Subramanian:** Normally waste processing contracts are significantly profitable in collection and transportation so my weighted average EBITDA should move towards 27%, 28% gradually once the ramp up and PLF improves.
- Swechha Jain:** So this 27%, 28% is just on PCMC right I want to understand that?
- N. G. Subramanian:** We normally do not give project specific EBITDA guidances but at consolidated level what you are seeing today at around 20% will move to higher once my capex is done.
- Swechha Jain:** Thank you Sir that helps a lot.
- Moderator:** Thank you. We have the next question from the line of Tushar Raghatate from Kamayakya Wealth Management. Please go ahead.
- Tushar Raghatate:** Good afternoon Sir and congratulations for a good set of numbers. Sir my question is on the project for which we operate so you said we have bid for the five projects so if I see the tonnage it is I think 1000 or so, so it seems like the municipals are big municipals so just want to understand is it near the MMR region and what would be the timeframe like you get update on the same like can we consider one year or 1.5 year for that?
- N. G. Subramanian:** Few of the contracts that we have bid that are in LOA stage so some of the contracts we will be able to announce some clarity maybe by September or October that is when we expect to

hear from the corporations on the tendering process, otherwise the new contracts are anyway now coming up at a faster pace so we will definitely be keeping the stock exchange and the investors informed on that part.

**Tushar Raghatate:** The tipping fee would be high on this compared to our normal average tipping fee?

**N. G. Subramanian:** Tipping fee is reflective of the activity and the scope of the work so the scope of the work is significantly smaller than what I am currently doing in our existing project then it can be even lower than what I am doing so it is all depends upon the scope of the work. So I will not be able to guide you on the rate per ton, but normally you always have wage escalation coming in every six months so 62% of the operating cost is fuel and labor and that has a northward trajectory than the tipping fee will have a northward trajectory at the time of bidding.

**Tushar Raghatate:** Sir on the competition front the market leader's EBITDA margin is near to 30% range or so, can we expect our margin going to that range in the next coming two to three years?

**N. G. Subramanian:** The company is definitely working towards that, so that is one thing and the industry leaders also have a product mix which is skewed towards more of a hazardous waste and that is an area that Antony Waste today does not have presence, we are predominantly a municipal solid waste entity and that is one of the reasons why we are looking at beefing up our senior management team with people like Mahendra joining us who have got significant experience in the waste processing of varied materials not just municipal solid waste which are high capex and high margin business with a lot of technically benefit being accrued so we are definitely exploring this area and we will definitely keep you posted as and when things shape up.

**Tushar Raghatate:** Sir just one question this Jhansi, Varanasi NDMC bio-mining and Nasik project so what would be the potential revenue on annual terms?

**N. G. Subramanian:** We would not be in a situation to give you an approximate number today because they are all in various level of scale up but it will be a fair assumption to say that going forward these projects will be contributing to around 25% of my total revenue and the growth that we are assuming would be around 25% CAGR on a consolidated basis so that is something that we can say today. We normally do not give city wise/corporation wise revenue breakup.

**Tushar Raghatate:** Okay Sir thank you.

**Moderator:** Thank you. We have the next question from the line of Vikram R from May Bank. Please go ahead.

**Vikram R:** Thanks most of my questions have been answered, but I would like to know there is an inherent seasonality in this business so Q2 will be better because of rains and certain other factors am I correct in saying that?

**N. G. Subramanian:** It is unlike your financial quarter ending, so from July 15, 2022 onwards the monsoon starts and that period goes all the way till the festive period which will be November, so it is like kharif crop and rabi crop, it does not fall in your Q1, Q2, so there will be a spread between the quarters, but it is a very fair assumption to say it has a seasonality impact, 55% of my revenue will come in this 180 days and 45% of revenue will come in the balance 180 days.

**Vikram R:** My next question is you already said that electric vehicles are some 8% of your fleet do you have an internal target as to where you want to reach with respect to that number?

**N. G. Subramanian:** So we do not have an internal compulsory target to achieve but we are definitely exploring the economic viability of the same and whether the same can be tweaked to enhance our account. One is they should be efficient enough to take the load and go into the dumping grounds where they are supposed to go, if there are significant operational issues then I will be pulled up by my client, so the vehicle that we have deployed currently are the primary collectors which is like a small vehicles like your Tata Ace kind of an example we have yet to use electrical vehicles or electrical modified compactors because we have not seen commercial vehicles come out which are economically viable for us to deploy today maybe tomorrow when the technology is better and cheaper it is like a solar panels.

**Vikram R:** That is going to be my next question actually maybe you can answer it along with what you are already saying so typically any electric vehicle that you order so you are saying those are not tailor made for you or do you buy it and then you make the changes I just wanted to know?

**N. G. Subramanian:** Yes, they are customized to carry garbage, there are certain companies which actually do this but the tippers basically if you look at the body, the chassis remains the same your power remains similar but the upper body which you want that has to be customized because it cannot be too tall it cannot be too flat it cannot have a flipping body it actually have a certain noncorrosive material which adds to the weight of the machine which it has to be able to manage and run. So for example just talking about autorickshaw at the most you going to have 3 people with 160 odd kgs but in Tata Ace you have been in a position to carry 800 kgs of garbage which has leachates, which is of corrosive nature and it will seep

into the machine and which should not breakdown every two months so those are the working problems that we face.

**Vikram R:** I remember you are saying these are not Indian OEMs right these are usually foreign OEMs we have to deal with for such procuring such vehicles?

**N. G. Subramanian:** EV options are now locally procured because there are large number of local players but when we talk about compactors the large compactors we procure it from Hale which is a DevOps of US Fortune 500 company so we procure it and we kind of have it fabricated on a Tata Motors or a Ashok Leyland or a Mahindra Jeeto.

**Jose Jacob:** So the EV vehicle only the small version is presently successful and a good part is we do not need fuel so there is a huge cost saving but it is on experimental basis we are doing and we are finding some good traction in the northern region where there is less rain and it is dry. So we are looking at the smaller primary collection vehicle the small vehicle but the larger trucks we are not yet plan to turn it into electric vehicles because in India or worldwide we do not have the heavy duty trucks with EV model in waste management because there it has to go to the land field it needs a huge amount of stock.

**Vikram R:** Just a last question which is more of a broad-based one is there any one or two trend that is happening in some of the developed countries now which you foresee which with respect of this waste handling that you foresee that will start coming in India which is not there and which will obviously be a great opportunity for you is there any particular benefit there?

**Jose Jacob:** In India they started almost like in developed countries instead of people collecting fees from the municipalities a major chunk of money comes from directly from the citizens and shops and malls and all. In India the trend has come in and like the one in Noida which we have won the contract there they have said okay you collect money individually from the citizens and malls and everybody as well as we offset a tipping fee so you plan how much you earn from the city while collecting payment from the people and thereafter you feel you need extra money to ramp the operations so you can quote your tipping fee. So the money which I have to charge from the citizen is already fixed like from per household it will be Rs.50 or Rs.30 but in the developed countries they fixed it to a certain level where the municipalities may not bear any money so it will be charged directly from the citizens. So this type of trend definitely will help for us because there are some municipalities where the city is well rich, people are very well to do but the administration of that municipality is not efficient due to which their tax collection is poor and they are not able to execute such projects. Our type of industry would evolve from being totally dependent on municipality we have another stream of collection directly from the citizens.

- Vikram R:** Thanks that is it from my side.
- Moderator:** Thank you. We have the next question from the line of Rishikesh from RoboCapital. Please go ahead.
- Rishikesh:** Hi! Sir, thanks for the opportunity. My first question is I missed revenue and EBITDA margin guidance can you please repeat it?
- N. G. Subramanian:** So we are looking at 25% CAGR growth for our core operating revenue to sustain over the next couple of years comfortably and the margin should track once my capex and everything related to the DBOOT project is over should track upwards of 25% comfortably if not better.
- Rishikesh:** If you could also provide debt outlook?
- N. G. Subramanian:** My incremental peak debt based on the current project that I have should be around Rs. 280 Crores is what we presume that is the max range based on the current outlook at the project that I have and everything. And my net worth today is around Rs. 520 odd Crores or thereabout so pretty much in shape so we internally looking currently at net debt to equity at around 0.4x so we might go all the way up to 0.7x is what we estimate by the end of during the 2023 maybe in the first quarter of 2024.
- Rishikesh:** Once the capex is over if you could please share what is the revenue potential that the company will have?
- N. G. Subramanian:** The line share of the capex is going into the Pimpri-Chinchwad waste to energy project so the incremental capex from that project would be around Rs. 65 Crores at a very conservative PLF commission of around 75% to 80% today. So there is a potential that this might improve, but currently this is what we are forcing the incremental core revenue incremental jump to come in after this capex is done.
- Rishikesh:** That is it from my side thank you.
- Moderator:** Thank you. We have the next question from the line of Sandeep Salaria from UST Global. Please go ahead.
- Sandeep Salaria:** Good afternoon and thanks for the opportunity great set of numbers. I am an individual investor and firstly I am delighted to partner with such a great team and intend to continue this association for long time to come. I have joined late so pardon me this question has already been asked. So my question is there is a significant jump in the project expenses

year-on-year and quarter-on-quarter so could you please be kind to spend how the contract revenue and project expenses move. So since there are many variations between quarters that there is a big impact on EBITDA and margin gets affected so seems like that project margins are very less and this has an effect on EBITDA margins and causing overall margins to fall. So as a share of project revenue increases in this quarter it is like around 35% has seen up to the revenue so our margins will keep on going lower so do we see this trend to continue going forward, so please help me to understand the move between contract revenue and project expenses? Thank you very much and good luck.

**N. G. Subramanian:** The project revenue and project cost is related to the capex which is ongoing at our Pimpri-Chinchwad and at Kanjur site which are DBOOT projects so as and when we incur the capex the same gets reflected into my revenue and contract cost heads so as and when we incur the capex you will see increase in the revenue or some numbers getting done. So we are foreseeing around 110 incremental capex to come in over the next three quarters to make the Pimpri-Chinchwad project complete so that is the kind of revenue that will come in my project revenue lines and a similar cost out will be sitting in my project cost head. So once the capex item is done you will not see the project revenue or the project cost line items the same will be replaced with core operating revenue and the operational expenses of that related activity. So, we had discussed during the beginning of the call that the company will be sharing a note on the accounting standard which gets reflected into this kind of numbers coming in. Will share the same through our investor relations people with all the attendance and we also have the same note prepared and shared on our website.

**Sandeep Salaria:** That is really helpful thank you very much and good luck.

**Moderator:** Thank you. We have the next question from the line of Rajesh Jain from NB Investments. Please go ahead.

**Rajesh Jain:** Good evening. I have three questions, what is the status of the Pimpri-Chinchwad municipal project it is it expected to be commission by March 31, 2023?

**N. G. Subramanian:** Yes, the construction activity is going on as per schedule and we are tracking the same the commissioning date should be March 31, 2023 if not before.

**Rajesh Jain:** So the second thing is in the last call you had mentioned that we had bid for six total projects and you had mentioned that due to the elections not being happening so it may take for a while to get these projects decided so does it mean that any chance of getting any new projects during the current financial year is very low?

**N. G. Subramanian:** The current financial year we have just one quarter down we seriously hope that the elections get over by before Diwali so we hope to get some news before the calendar year end so fingers crossed as I would say.

**Rajesh Jain:** It all depends on the election that has to happen in the Maharashtra state right Maharashtra municipal election?

**N. G. Subramanian:** In many places not just Maharashtra in many places because the tenure of the municipal corporation is normally around five years and lot of corporations are over and has been changed over there so till the time they get elected. Like Varanasi for example that is up for election the elections are due in another four months, Mumbai is still due, Nagpur, Navi Mumbai you name it at least we can talk about the cities that we operated so that is the ongoing process and in cities that we have bid for we are keeping a watch.

**Rajesh Jain:** Lastly regarding the price increase to get for the diesel price increase you said only those contracts which are having a monthly pass over you could be able to get maximum of that and whereas the annual and the half yearly ones you are yet to receive that, on a consolidated basis is it possible to know how much percentage of this diesel price increase the company has already received?

**N. G. Subramanian:** We would say around 27% of the increase in the fuel cost is reflected in our escalation today. Every month the monthly escalation which provides us a slippage is approximately around 28% of my revenue so that takes care of my escalation part for those revenue the other revenue and line items they will get build either on a half yearly or a annual basis so you will see a staggered benefit coming in.

**Rajesh Jain:** I know, so how much percentage of the overall price increase we have got, you said 27% that is for the monthly increase you are saying right?

**N. G. Subramanian:** Right, so if there is any increase in fuel price of say Rs.100 becomes Rs.110 so there is a 10% increase in the fuel cost, now the tipping fee is broken into three items there is a weight assigned for labor, there is a weight assigned for fuel and there is a weight assigned for miscellaneous items. So, if there is a 40% weight assigned for fuel and my tipping fee is say Rs.100 so I will get 10% of the 40% will increase that is 100 will become 104 so 27% of my revenue has already achieved this 104 as the tipping fee.

**Rajesh Jain:** So that means you mean to say the remaining 73% or so is yet to get the price rise?

**N. G. Subramanian:** Yet to get the price in fact benefit passed on to the company yes.

- Rajesh Jain:** Thank you very much and wish you all the best.
- Moderator:** Thank you. We have the next question from the line of Gaurav Gandhi from Glorytail Capital Management. Please go ahead.
- Gaurav Gandhi:** Hi! Sir, congratulations on the good set of numbers. If the current government changes in 2024 central government I am talking about and if the Swatch Bharat mission budget get reduced or the focus of the government get reduced do you see any kind of business impact or reduction in number of tenders by municipalities ahead?
- Jose Jacob:** Cleanliness has been a problem Pan India and I have seen for every government it is a big important issue because if the city is clean then there will be no diseases and no government can survive and the cities collect their own taxes and they flow their own tenders so basically they have to keep their city clean, so we do not foresee any problem.
- Gaurav Gandhi:** There are certain incentives which are given by central governments?
- Jose Jacob:** There is a capital grant which we get like Swatch Bharat there is a capital grant given for procurement of transfer anything to the municipalities.
- Gaurav Gandhi:** It would not have any kind of business impact even if the government changes?
- Jose Jacob:** No it will not because see this is an essential item like hospitals.
- Gaurav Gandhi:** No, but actually my point is we have not seen this kind of focus on Swatch Bharat mission before 2014 that is why I am asking?
- N. G. Subramanian:** If you look at the budgetary allocation of municipal corporation if you can check on the budgetary allocation there is always an allocation for the municipal solid waste department. That is always in stable as a percentage of total opex that has never come down, what has added over the last couple of years has been a greater need to modernize and increase the processing part on the collection and transportation. So, the money that is being spent by the government agencies or the urban local bodies as you call has remained there. So we do not foresee a change in priorities having an impact on this industry.
- Gaurav Gandhi:** Alright thank you.
- Moderator:** Thank you. We have the next question from the line of Kaushal Kedia an investor. Please go ahead.

- Kaushal Kedia:** What I wanted to understand is which is your largest contributor in the revenue which city I assume it is Mumbai right Greater Mumbai?
- N. G. Subramanian:** BMC is our largest client today.
- Kaushal Kedia:** So what I want to understand is when is the contract expiring for it?
- N. G. Subramanian:** We have collection and transportation work and we also do waste processing at Kanjur the waste processing at Kanjur is a 25 years project and this gets over in 2036.
- Kaushal Kedia:** So you are saying that, that waste processing whatever the waste out there will get forward it to the Pimpri-Chinchwad plant?
- N. G. Subramanian:** No, those are different projects so each municipal corporation has to provide a waste processing solution for the residence of that particular city. So the waste from one municipal corporation cannot cross the municipal limits so I cannot take the waste out Mumbai and move it to Thane, Kalyan or lot of the municipal corporation for processing it has to be processed within that municipal limits today that is the law.
- Kaushal Kedia:** In Pimpri-Chinchwad there is no one else who is processing waste except you right?
- N. G. Subramanian:** So, today we are the exclusive guys who are setting up the plant. There is a open dumping round in Moshi where the base is currently being transported so that is the way it is today.
- Kaushal Kedia:** I am saying how dependent is the plant for you in getting the contract?
- N. G. Subramanian:** So contracts are exclusive in nature so the collection and transportation contract has nothing to do with the waste processing what I got, both are exclusive contracts with exclusive tendering process and the tenure of the project was also different.
- Kaushal Kedia:** No but that is what I am saying to say suppose if you do not get the contract for waste processing then the plant will be idle right?
- N. G. Subramanian:** No if the contract allows that you can procure I think the waste has to be processed there are no additional waste processing sites in Pimpri-Chinchwad.
- Jose Jacob:** So every municipality has their own waste processing facility so for which presently all the municipalities are modernizing their waste process and facility. Till date 75% of Indian waste is openly dumped now they are floating tenders to process the waste scientifically so that is a separate business and then already there is collection and transportation where you

collect waste from households which is also a separate business. Typically, collection and transportation business of a city is having a tenure of 7 to 10 years and waste processing where this capex is high typically the tenure is 21 to 25 years. So, once we sign a waste processing contract whoever maybe the C&T operator, he has to bring the waste to our processing centres because that is the only place where we can dump there is no other facility available in that limit.

**Kaushal Kedia:** How much is Mumbai contributing to the revenues, Mumbai collection and transportation and waste processing?

**N. G. Subramanian:** I would say around 35% to 38% of my revenue comes from, initially it was higher.

**Kaushal Kedia:** The Mumbai collection and transportation is due for renewal in 2026?

**N. G. Subramanian:** The contract is due for renewal it is a 7 year contract it is due for renewal in 2026.

**Kaushal Kedia:** The waste processing for MCGM is still 2031 around?

**N. G. Subramanian:** 2036.

**Kaushal Kedia:** Okay that is it. Thank you.

**Moderator:** Thank you. We have the next question from the line of Keshav from RakSan Investors. Please go ahead.

**Keshav:** Sir can you dissect the receivables what are the receivable days currently, what fraction would be due for more than six months and what were the bad debtors for FY2022?

**N. G. Subramanian:** So the normal DSOs as the numbers have been presented in the presentation is around 77, so that is the weighted average so some of our clients pays within 30 days, some of the clients pays on a quarterly mode so that is the number which gets generated on that speed. And during the quarter we did not have any bad debts because the payment has been processed and accepted by the client so we did not have any bad debts. What we normally do is normally we kind of have a general provision for debts which are under contingencies or under arbitration historically. We have not created any specific line items for bad debts in the last FY2022 number but we have created a general credit provisioning in the past that is the amount which is due under arbitration and various high courts of the country.

**Keshav:** So that will have an escalation component as well as the bad debts right?

- N. G. Subramanian:** So these amounts are for old contracts which are already expired so all the receivables from current contracts are pretty much live and there are no bad debt to that.
- Keshav:** Sure, and is there a scope to take a stake in Antony Lara further up from them or this would be it?
- N. G. Subramanian:** Honestly the company has never ventured into that area of buying out the technical provider because today Lara Central and Antony there is a lot of technological advantage that both the company earns and learnt from this entity, but it is a possibility that can happen in future but for now we are not looked at it.
- Keshav:** Lastly the total capital allocation for PCMC is to Rs. 240 Crores right?
- N. G. Subramanian:** Rs. 240 Crores yes.
- Keshav:** What will be the ROIC on that level for Rs. 240 Crores?
- N. G. Subramanian:** Normally it should be in line with what we are doing across all our sites so when we have bid for a contract we look like what will this earn over and above my existing site or at least equal to what my other sites earns. So my ROIC should be in line with what we have been generating.
- Keshav:** So that will be 30% plus if you can give the ballpark number?
- N. G. Subramanian:** It would not be so high we have been maintaining around 20%, 24% and that is something that we should be comfortable with if not work on it for making better.
- Keshav:** Alright Sir thank you.
- Moderator:** Thank you. Ladies and gentlemen that was the last question and we will now close the question queue. I hand the conference over to Mr. Jose Jacob for closing comments. Please go head Sir!
- Jose Jacob:** I take this opportunity to thank everyone for joining the call. I hope we have been able to address all your queries. For any further information kindly get in touch with me or Strategic Growth Advisors our investor relation advisors. Thank you.
- Moderator:** Thank you members of the management. Ladies and gentlemen on behalf of Antony Waste Handling Cell Limited that concludes this conference. Thank you for joining us. You may now disconnect your lines.