

## Antony Waste Handling Cell Limited

CIN: L90001MH2001PLC130485



Ref.: AW/SEC/BSE/2023-24/20

Date: May 29, 2023

To,  
Listing Department  
BSE Limited  
Phiroze Jeejeebhoy Towers  
Dalal Street, Fort  
Mumbai - 400001

**Script Code: 543254**

Dear Madam/Sir,

**Sub. : Transcript of Earnings call held on May 25, 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/BSE/2023-24/12 dated May 22, 2023 - regarding intimation of Earnings Call and AW/SEC/BSE/2023-24/18 dated May 25, 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 May 25, 2023, at 3:00 pm (IST) w.r.t. discussion on operational and financial performance for Q4 & FY23 of the Company.

The transcript is also hosted on the Company's website i.e. at [www.antony-waste.com](http://www.antony-waste.com).

This is for your information and records please.

Thanking You,

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

**HARSHADA RANE**  
**COMPANY SECRETARY & COMPLIANCE OFFICER**  
**A34268**

Encl: a/a



# “Antony Waste Handling Cell Limited Q4 & FY2023 Earnings Conference Call”

May 25, 2023

Disclaimer: E&OE - This transcript is edited for factual errors. In case of discrepancy, the audio recordings uploaded on the stock exchange on 25<sup>th</sup> May 2023 will prevail.



**MANAGEMENT: MR. JOSE JACOB – CHAIRMAN & MANAGING  
DIRECTOR – ANTONY WASTE HANDLING CELL  
LIMITED  
MR. MAHENDRA ANANTHULA– GROUP PRESIDENT  
(OPERATIONS & NEW BUSINESS DEVELOPMENT) –  
ANTONY WASTE HANDLING CELL LIMITED  
MR. N. G. SUBRAMANIAN – GROUP CHIEF FINANCIAL  
OFFICER – ANTONY WASTE HANDLING CELL LIMITED**

**Moderator:** Ladies and gentlemen, good day and welcome to Antony Waste Handling Cell Limited Q4 FY2023 Earnings Conference Call. This conference call may contain forward-looking statements about the company which are based on beliefs, opinions and expectations of the company as on date of this call. These statements are not the guarantees of future performance and involve risks and uncertainties that are difficult to predict. As a reminder all participant lines will be in the listen-only mode and there will be an opportunity for you to ask questions after the presentation concludes. Should you need assistance during the conference call please signal an operator by pressing “\*” then “0” on your touchtone 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 ladies and gentlemen. Thank you all for attending this fourth quarter earnings call. I am joined on this call by Mahendra, our Group President Operation and New Business Development and Subramaniam NG, our Group Chief Financial Officer. We stand before you today to celebrate the remarkable achievement of Antony Waste Handling Cell Limited over the past year. It has been a significant growth solidifying our position as a leader in waste management and environmental solutions. We have not only achieved a strong sustainable core profitability trend but have also set our sights on a future that holds immense promise for our company. Despite certain challenges such as the absence of elected members in few corporations resulting in delayed routine matters and temporarily affecting our margins we have remained resilient. We understand that these are transition hurdles and do not overshadow the tremendous progress we have made. One area that deserves special mention in the strong demand we have witnessed is for RDF refuse-derived fuel. This demonstrates the trust and confidence our client has in our ability to effectively handle waste and provide innovative solutions that contribute to a cleaner and more sustainable environment. Moreover, our commitment to operational excellence has allowed us to expand our coverage in most cities we saw. By doing so we have established a robust operational platform that positions us for future growth and success. We believe that a strong foundation is the key to unlocking new opportunities and driving positive change in our industry. Looking ahead our outlook remains incredibly positive. As elected members are reinstated our routine matters resume their regular course, we anticipate us return to strong margins. We are fully aware that these margins softness are temporary and will not hinder our progress in long term. We are thrilled to be part of an industry that is growing and evolving rapidly. The need for effective waste management solutions has never been greater and Antony Waste Handling Cell is poised to play a pivotal role in shaping the future of this sector. With our unwavering dedication to sustainability, innovation and office excellence we are confident in our ability to navigate any challenges that may come our way. To talk bit more about our current operations and business outlook I hand over the call to our Group President (Operations & Business Development Mahendra. Over to you!

**Mahendra Ananthula:** Thank you Jose. Good afternoon everyone. I am pleased to share with you an update on the operational performance of Antony Waste Handling Cell. Our unwavering commitment to excellence and sustainability has allowed us to achieve significant milestones and solidify our

position as a leader in waste management. On a daily basis, we cater to a staggering 43 lakh households and establishments, handling over 13000 tonnes of municipal waste and cleaning more than 500 km of roads. These impressive figures are a testament to our operational efficiency and dedication to providing top-notch services to our clients. In the C&T business for Q4 we successfully managed around 0.41 million tonnes of waste, demonstrating a 6% year-on-year increase. Our waste processing business handled approximately 0.63 million tonnes of waste reflecting a remarkable 10% year-on-year growth. During FY2023 the C&T business and waste processing business witnessed annualized growth of 7% and 10% respectively. Thanks to our continuous efforts to introduce technology. Our core C&T operations have been performing in line with our expectations. During this quarter we strengthened our IT systems to enable live tracking of regular fleet at cities, integrated command and control center that is ICCC and deployed fuel sensors in all our vehicles to reduce pilferage. We also focused on increasing user charges collection in Noida, Varanasi, and Jhansi where it is part of our scope to partially mitigate payment risk. In the waste processing segment the first phase of processing has followed historical trend and we have seen significant improvement in the disposal of processed waste such as compost and RDF. Even though these byproducts have lower margins compared to our core operations they are an incidental part of our business. We are confident of commissioning our waste-to-energy plant in Pimpri by the end of June 2023 which incidentally happens to be Maharashtra's first waste-to-energy plant. We also have hired a leading carbon credit consultant to register this waste-to-energy project with Verra carbon standard to monetize the carbon credit potential of this project. Additionally, we anticipate commissioning operations for our construction and demolition waste project in Mumbai by the fourth quarter of FY2024. All these milestones will further strengthen our position as an integrated waste management player with a robust employee base of over 9000 professionals, Antony Waste stands stronger today than ever before. We continue to work with new initiatives and new bids and are making conscious efforts on enhancing our non-municipal revenue source. We will keep our stakeholders informed as and when we have more information on the same. On to the financial aspects NG will take over from here.

**N. G. Subramanian:** Thank you Mahendra. Good afternoon ladies and gentlemen. I would like to bring your attention to some significant changes in our financial numbers that have occurred over the past financial year. While we have seen positive growth in revenue there have been certain factors that have impacted our EBITDA margin and pretax profit. Our revenue growth has been impressive with a 31% increase driven partly by core revenue growth of 15% and the remaining contribution coming from capex related revenue recognition. However, it is important to know that though our reported EBITDA has remained flat at Rs. 168 Crores the reported EBITDA margin has decreased by approximately 6% points. The main contributing factor to the decline in EBITDA margins is the absence of elected members in few corporations resulting in delay in routine matters. As a result of this approximately Rs. 19 Crores could not be recognized in the financial year ending 2023. Adjusted for this and ECL provisioning during the year our reported EBITDA margin would actually have been 21.9% which compares against the reported EBITDA margin of 19.2%. To summarize our reported EBITDA margin for Q3 2023 and Q4 2023 stood at 18.7%

and 15% respectively and if we were to add the revenue that we have not recognized due to the absence of reimbursement and escalations getting delayed our reported EBITDA would have actually stood at 22.4% and 21.8% respectively. Additionally, our EBITDA has been affected by the higher wage bill reflecting the increase in headcount with addition of Nashik operations during the year. Furthermore, higher transportation bills related to RDF sale has also impacted the margins by 130 bps. To reiterate a point from what Mahindra said compost and RDF are byproducts from our waste processing activity and given the high transportation cost, these weigh on our reported margins. The pretax profit for the fiscal year ending March 2023 stood at Rs. 102 Crores, a decrease of 9%. This decline can be attributed to the lower reported EBITDA margins as mentioned earlier as well as higher depreciation and finance costs. If you were to include reimbursement revenue and routine escalations which are pending approvals from the authorities the adjusted EBITDA for FY2023 would have been approximately Rs. 188.7 Crores with adjusted PAT of approximately Rs. 102.8 Crores. Our total debt has increased to Rs. 350 Crores compared to Rs. 170 Crores last year the rise being mainly due to higher drawdown at the PCMC waste-to-energy plant of Rs. 126 Crores along with the remaining balance being due to capex at our new C&T operation. As of March 2023, our net debt stood at Rs. 298.6 Crores resulting in net debt-to-equity ratio of 0.4x based on our total net worth of Rs. 617 Crores. It is worth mentioning that our financial equity has improved during the subsequent period. As of March 31 our DSOs increased to 90, and since then we have realized approximately Rs. 59 Crores returning to our historical trend of 65 DSOs. Our financial performance it is crucial to understand the various factors that have influenced our numbers. We remain committed to drive a sustainable growth and improving our operational efficiency and revenue recognition to overcome challenges and capitalize on the opportunities. With this I will open up the floor for Q&A.

**Moderator:** Thank you. Ladies and gentlemen we will now begin with the question and answer session. We will take the first question from the line of Kaushal Kedia from Wallfort PMS. Kindly proceed.

**Kaushal Kedia:** Can you just elaborate as to what this escalation clause and why was there a delay in recognition of Rs. 21 Crores could you just throw some light on that?

**N. G. Subramanian:** Yes Kaushal so as part of the routine tender that certain expenses that is reimbursed to the company. Any increase in salary, any change in minimum wages and change in fuel cost gets reimbursed automatically now for that to be passed you need to have elected standing committee of the various municipal corporations, so since elections in different corporations like Thane and Nagpur, Navi Mumbai has not happened the elected members are not present so some of the elective-related issues like passing the escalation amount is pending the approval so that is one of the key reasons why we have not been able to recognize this amount of Rs. 19 Crores for the full year so if I were to add this Rs. 19 Crores my EBITDA would have been higher than what is being reported. We expect these escalations to be passed as and when the elected members are duly appointed and the businesses return to routine.

**Kaushal Kedia:** So if this amount would have been added the EBITDA would have been close to Rs. 188 Crores right, Rs. 188 Crores and PAT would have been Rs.102 you are basically accounted for in Q4?

**N. G. Subramanian:** As and when the elected members come in the routine members come in for work so these things will be put up and the approval will come in shortly. So just to put things in perspective it similar things happen in one of the large corporation where we provide services so the receivable is pretty high but post January 2023 till date we have realized around Rs. 59 Crores from that entire amount so it is just a routine process where we need to pass those bills and since there are no elected members this is being kept in abeyance.

**Kaushal Kedia:** Okay fair enough and tell me one thing as of today what is the amount that is disputed or that is stuck in court or stuck in some sort of regulatory issue, what is the total amount if you can give that?

**N. G. Subramanian:** I would say that is less than Rs. 4.5 Crores.

**Kaushal Kedia:** So why the auditor given an observation to an amount which is more than that?

**N. G. Subramanian:** So they have qualified receivable of Rs. 7.9 Crores because part of this dispute redressal council has already passed the judgment and the payment is yet to come that is one part of the provisioning or the qualification that we are referring to. The other reference point that they have ensued is the emphasis of matter pertaining to one corporation where the state government has already instructed the corporation to make the payment and the letter has been issued by the corporation to the company saying that they will make this payment in the next 12 months time. Now this matter of the state government instructing the corporation and the corporation making the payment it is a slightly delayed process. It is not something that can be achieved or acted upon within 12 months time and that is why the auditors have highlighted these points, so we have already won couple of arbitrations which are in favor for the company and it was significantly higher than the amount that we carry in our books of accounts.

**Kaushal Kedia:** Any new order wins for any new cities or any visibility on that front?

**Mahendra Ananthula:** So there are couple of projects that we have already submitted bid we cannot disclose but there is a very large C&T contract in northern part of India where the annual contract value is upwards of Rs. 100 Crores. Then there is also a very large processing plant in western zone which is EPC contract plus O&M for 15 years so these are two bids which we have already submitted and we have a very good feeling of having a good chance of winning them. Eventually we have several projects which are in the pipeline that we will be bidding in the next few months.

**Kaushal Kedia:** Alright thank you. That is it from my side.

**Moderator:** Thank you. The next question is from the line of Ambar from Geomatrix. Please go ahead.

**Ambar:** I recently started looking at this company. I actually had one question and one suggestion. My question is can you talk a little bit about the auditors' observations because what you just said that is the amount stuck with the municipalities or in litigation seems to be more than the number that you gave and my second question is why does this company even a token dividend it would come on so many buyers list, there are so many funds especially outside India who are looking for things like this but will refuse to buy a non-dividend paying stock, seems to me there is enough capacity to institute a small dividend I appreciate your thought?

**N. G. Subramanian:** To answer to your second question this has been already discussed internally and the matter has been given to our Board they will be coming back to you on this before the AGM so that is something that we will definitely take it from the Board's direction on that aspect that should help you. And the first question is on the qualification so this amount of qualification of Rs. 8.05 Crores has been pending for the last four years so it is a continuing matter so it is not a fresh set of qualification that is getting flagged off. So the auditors are of the opinion that either you provide for the entire amount or you get the money out of the system. Now we were already getting the money out by 2020-2021 when the company went for IPO but then COVID hit and the court went into hibernation and we were not able to get any traction there. Now post that we have already received a dispute settlement from one of the corporations for an amount which is more than five times we mentioned in our books. We are very confident of realizing this money so if you look at the last time's amount and the current amount which is being qualified there is a small dip of around Rs. 60 lakhs because that money has come in so these are very small amounts that we are talking about of around Rs. 8.05 Crores in totality and that translates to just 1% of our total annual revenue so we are very confident because most of the money are under arbitration where the arbitrator has given an order in favor of the company so it is just a matter of time of realizing this money and that is taking time and hence the company has not made provisions for this so that is how it is so the amount is not significant it is which corporations which account, what is going on with most of this corporations, we have helped these corporations get very good ranking in the Swachh Bharat survey and they are still very good clients for us so we do not want to kind of knock off these issues because they are very much bankable.

**Ambar:** I think there should be some kind of clarity here if you kind of want to attract a new set of buyers because obviously this is also a small cap stock so you know many people were excluded because of liquidity concern, I think having an investor presentation and earnings release is a good idea but I do not know if there is a settlement mechanism or something with municipality but maybe some management comments around that if there is an easier way to kind of get this stuck money out so that the audit report can be cleaner it would help but anyway I understand that you are trying. Good luck and no more questions from my side.

**Moderator:** Thank you. The next question is from the line of Richard Dsouza from SBI Mutual Fund. Kindly proceed.

**Richard Dsouza:** Good afternoon Jose and NG. Just couple of questions from my side one is in the other expenses do we have any extraordinary items which are there because year-on-year the other expenses have gone up quite a bit?

**N. G. Subramanian:** So two factors which have led to the increase here Richard one is the transportation expense related to RDF because in the last year we transported just around 8000 tonnes of RDF this year we transported 48000 tonnes of RDF so there is a significant spike in the transportation bill so that has reflected into the spike in your other expenses. The other small component is the hiring cost of vehicles because these are normally on higher now, post COVID the rates have increased for us so these are the two reasons why you are seeing an increase in other expenses. There is no extraordinary provisioning that you have to book in this period.

**Richard Dsouza:** So that means we do not have any pricing power on RDF is it while we have been saying that it is used to the clients, they save lot of money and the fuel cost but when we ask them to bear transportation expenses, they are not able to bear this.

**Mahendra Ananthula:** So this has been the trend in the past but over the last one year we have seen a very good response because we have actually directly addressed the concern for the cement companies. Cement companies are very particular about the soil and the moisture content on the RDF that they want which we have accordingly adjusted our operations and we are supplying that so as we speak now, we have several clients who have given us orders with a positive contribution excluding the transportation cost so we are making some money excluding the transportation cost.

**Jose Jacob:** So Richard this RDF in the past was dirty RDF so cement factory was not happy with this type of RDF. What we did is our team of engineers we realized the quality of RDF is required so they required certain size and certain moisture control for which we bought additional machineries and improved the quality and thereafter we are getting good orders and even we are making RDF pellets also which also there is a market good value for it so we have generated a market that cement factories can slowly shift from coal to RDF base to run their plant.

**Richard Dsouza:** But sorry to say bluntly but why cannot they bear the transportation cost?

**Mahendra Ananthula:** There are some cement factories they are paying upfront and they are bearing the transportation cost of late it has just come. Let us say the gross value is they are saying is Rs.3000 per tonne, the transportation cost is 2500 so we make a Rs.500 margin net of transportation so in a way they have started paying that now I am just giving an example.

**Jose Jacob:** So initially Richard when we started off we were giving RDF almost free of cost than the marketing rate and we started interacting with the cement companies what type of quality they want because in Europe about 75% of the coal is being replaced by alternate fuel which is RDF and in India it is only 3%. One of the reason was cement factory as I said they were getting dirty RDF and now of late after giving this quality RDF as per their requirement things have changed



and they are willing to also consider much more upside amount and it is not one or two cement factories we are working with roughly around five to six of them.

- Richard Dsouza:** One last question on this what is the calorific value of the RDF that we supply?
- Mahendra Ananthula:** The GCV the gross calculated value is about 2500, the net calculated value is close to 2200 kilocalories.
- Richard Dsouza:** The second question is on your employee cost on a Y-O-Y basis compared to fourth quarter last year you are hitting annual run rate of about 240 Crores so let us say put in simpler terms your employee cost has gone up from 24% of sales to about 30% of sales now can you give any colour on this, is it expected to stabilize here because your revenues have not grown that much?
- N. G. Subramanian:** So two factors, one is last year we did not have Nashik Corporation so that has kind of added around 800 headcounts to the base so that is one of the reasons.
- Richard Dsouza:** 800 on 9000 is not too much is not it?
- N. G. Subramanian:** But those costs are higher than minimum wage in certain geographies so the wages that we pay in Nashik is more than the minimum wage in that particular region so that has led to one set of increase and lot of geographies I think there is an increase in average pay bill so the average salaries have been increased to compensate for the rise in inflation and the standard of living quotient.
- Richard Dsouza:** Do we expect this to stabilize here?
- N. G. Subramanian:** Commonly these kind of spikes happens once in two years so if you look at the last couple of years wage bill that has almost been in line with the revenue lines but when the spike comes that kind of stabilizes over the next two years and then another spikes comes later so we expect this to stabilize over the next 18 to 24 months at least.
- Richard Dsouza:** Thank you. May be I will come back later.
- N. G. Subramanian:** Richard just to clarify the escalation has not come in so we are seeing softer revenue so the percentage of wage bill revenue is also higher because of that count.
- Richard Dsouza:** So the escalation is about 20 Crores is not it?
- N. G. Subramanian:** 21 Crores yes.
- Richard Dsouza:** Thank you.
- Moderator:** Thank you. The next question is from the line of Manish Dhariwal from Fiducia Capital Advisors Private Limited. Please go ahead.

**Manish Dhariwal:** Good afternoon and thank you for this opportunity. Now this problem of recovery from the municipality is a continuing problem and the auditors are also reading it out. They are finally kind of reach a conclusion that the recoverability or the timing of this is uncertain so assuming that the municipalities will continue to behave the way they were and your manpower costs are also rising so based on this what is the expected EBITDA percentage that the company can continue?

**N. G. Subramanian:** If you look at last DSOs of Antony Waste consolidated that have always averaged around 60 to 70 DSOs, for the month of March those number stands around 90 but post that we have collected close to 59 Crores of these amounts of those March receivable is within 45 days of the year end closing so my DSOs are now tracking 60, 65 which is my historical comfort zone so the receivable is the key but it is not problematic because the way the business works is on a monthly billing system so there is always a 45-day to 60-day kind of a cycle wherein we get the payment realized out. Escalations do help us now because this was the first time in the last two decades that we ever see various corporations without elected members running the show, so this has never been foreseen such kind of an event where large corporations in BMC or Nagpur or Pimpri have not had elected members otherwise we have never had this kind of stringent kind of cash flow kind of mismatch between the escalation and wage bill rising. On a steady state of affairs, the C&T operation and the waste processing the kind of revenue mix that we have we should be comfortable with 22 to 24% EBITDA on a steady state of affairs. Part of the reason why the EBITDA has also softened because of higher contribution of the project revenue which is coming in that is a lower margin business that is contributing to just 10% of the margin, going forward with the capex that PCMC getting out of the shape and commercial operations kicking in our EBITDA margins will be comfortably upwards of 22%.

**Manish Dhariwal:** See it is nature of the business this municipality, etc., and getting the approvals for escalations and that is going to be an issue so either your pricing basically manages that element, because currently the EBITDA margins are significantly lower once that you are mentioning at the steady state level now it is getting difficult for us to actually kind of value as to how we should look at this physical element of the business?

**N. G. Subramanian:** So if I were to add the escalation and the reimbursement for minimum wages which is part and parcel of the tender. It is just not a time factor. My EBITDA margins versus what is being reported will be up by around 200 BPS so that is something that as a company we are adopting a policy to recognize the reimbursement escalation on a cash basis instead of an accrual basis so once things stabilize we would see this cash flow coming to the system and the respective cost is already being incurred so there would not be any cost associated with these activities. Going forward your point there is this issue of working with corporations but that is now being addressed with user collection being an additional source of revenue for companies in waste management in cities like Noida, Nagpur, Indore you name it the corporations do not just say tipping fee they are allowing the operators to charge directly to the waste generators so in the city of Noida monthly cash collections ranges anywhere between 80 lakhs to 1.2 Crores per month so that is one way of hedging your receivable risk from municipality, similarly we are seeing large

number of corporations opting for this basis let it be Jhansi, Varanasi where user collection is an additional source of revenue which not only helps the corporations de-risk their models given the way the finances are but also we have operator in equal footing to deal his revenue from the receivable risk that you rightly mentioned.

**Manish Dhariwal:** I understand that but the point is that see instead of collecting from one party now for each municipality you will be collecting money from hundred thousand people and that basically will add to the cost profile of the organization so we need to be built in and if you have the experience of doing this collection from Noida and the other municipality that you gave an example of so how does it work there how is the collection process happening from the individual waste generators?

**Mahendra Ananthula:** It is just like what happens in the power and the water utility business even in waste management some of these cities specifically Delhi, Noida and in some cities in Uttar Pradesh they have allowed by law collection and user charges so this is very much integral part of our scope so when the client bid out their project it was known to us that this is a part of our scope and we actually now look forward to it because this is a classical thing of hedging your payment risk. Do you want to have one customers versus hundred thousand customers so just like utility business we see this as an opportunity to maximize our revenue and reduce the payment risk, Just to give you an example in one of the cities that we are operating in Noida our user charges collection is almost one third of the tipping fees that we get from the client right and there is another 10-15% of additional scope that we probably can increase. There is a potential to increase it by another 10-15% so that is the kind of thing we are talking about, so it is actually we see this as an important part of our business where we are continuously in the process of improving our scale. On the issue of receivables and DSOs what I would say that most of the municipal tenders not just for us but in this business contractually the client is supposed to pay in 60 days time right and which matches very well with our DSO of 60 to 65 days so which basically means that most of our payments are reasonably updated. It is only the escalation issue which actually required some kind of approval from the standing committee which is taking a bit of time in some of the places because the party is not in place, the standing committee is not in place which when rectified we are confident of actually improving our EBITDA margin.

**Manish Dhariwal:** Thank you and all the best.

**Moderator:** Thank you. The next question is from the line of Gaurav Gandhi from Glorytail Capital Management. Please go ahead.

**Gaurav Gandhi:** Just one question can you quantify the major items in our other expenses for whole year?

**N. G. Subramanian:** So the main major items would be power and fuel, hiring charges and your transportation cost. These are the three main items which contributes close to 80% of the other operating expenses.

- Gaurav Gandhi:** The fourth note to our consolidated account says that the escalation claims of 50 Crores and 6.57 Crores are confirmed by municipalities, if you are saying that there are no elected members to the municipalities who have confirmed these amounts?
- N. G. Subramanian:** The commissioner, the state government, urban ministry confirms that this amount is payable that has been confirmed by the state government themselves. These amounts are based on the ledger balances which have been confirmed and tallied with our books. The municipal commissioner with which we work has also issued us a letter under his office that this amount is confirmed and will be paid to the company in installments.
- Gaurav Gandhi:** Alright Sir and in the case when the member gets elected in the municipality can they raise a dispute regarding these amounts because I am saying another note where there is 15 Crores which have been cleared by standing committee but the municipality had disputed that in High Court since we have won but can it be the case that elected members may raise a dispute against this 15 Crores also?
- N. G. Subramanian:** No this has already been approved by the standing committee of the municipal corporation and since this is a grant that used to come from the state government, the corporation has written to the state government. The state government has in turn directed the municipal corporation to use their good offices to make the payments so the approval is to make the payment out of the budgetary allocation has been granted by the urban ministry to the commission. So the municipal commission now has the right to do it so change in government has nothing to do with this. This is the bureaucratic arm does the takeover.
- Jose Jacob:** If the orders come from the state government to the municipality that they can pay us from any of the budgets. Usually they need sanction from the state government for such payment to be released.
- Gaurav Gandhi:** Thank you Sir.
- Moderator:** Thank you. The next question is from the line of Swarnashi Chatterjee from Asterisk Capital. Please go ahead.
- Swarnashi Chatterjee:** I am saying the 19 Crores which we could not recognize in FY2023 that should be recognized by next year H1 right and that should push the margin in H1?
- N. G. Subramanian:** Yes if the elected members are in place, the escalation gets passed through or even if we get an intimation that this is approved and accepted this will come as part of revenue and contribute to my EBITDA.
- Swarnashi Chatterjee:** This year our contract revenue was 232 Crores versus 98 Crores last year, now this is entirely for Kanjurmarg and Pimpri-Chinchwad waste-to-energy project or those are also part of that?

- N. G. Subramanian:** No, this was entirely related to the Pimpri-Chinchwad waste-to-energy and the Kanjur project only.
- Swarnashi Chatterjee:** So the next year this amount should be very less right?
- N. G. Subramanian:** There would not be any such significant number in the balance part of the year.
- Swarnashi Chatterjee:** Thank you and I have one request to you, there is one slide in the presentation where you provide which are the contracts going on so is it possible to share the number of projects or identify the projects which are going to expire in one year for example you have one C&T project in Mangaluru which was probably extended up to January 2023.
- N. G. Subramanian:** 18% of my C&T revenues are up for renewals and the project has been extended. The tenders have not yet been floated so these contracts which is already expired I have a visibility of at least 12 months from now so that is around 18% of the C&T contract so that is why 45% of my revenue which is around 11% of my gross core revenue.
- Swarnashi Chatterjee:** From when should we see the revenue kicking in from the C&T project which we got for Mumbai?
- Mahendra:** So that will be Q1 of FY2024, around April 2024 is when we will start commercial operations.
- Swarnashi Chatterjee:** April 2024 that is FY2025 right. Okay Sir thank you.
- Moderator:** Thank you. The next question is from the line of Harshil from HPC. Please go ahead.
- Harshil:** So my question is on two things, we have significant investment happening in working capital so when I say working capital is excluding cash and bank balance because as we are growing and we have to make investment into working capital I understand but because of increase in debtors credit period it is adversely impacting the overall margin so are we going to charge any interest on this receivable for which there is a significant delay in collection?
- N. G. Subramanian:** So normally the tender allows us to charge interest on the delay in payment from municipal corporation but it is an industrial practice or it is a normal practice as such interest is mentioned only for legal terms and it has never been used in actual operational purpose.
- Harshil:** Because when the state government has also approved the claim right and they also admitted the amount but they are not paying it on time so why cannot we forego our interest claim especially when there is a delay from their right side?
- Mahendra Ananthula:** You are right. We also hope these government clients should actually pay the penal interest for delays but unfortunately that is how the industry has evolved not just our industry but all government contracts they do not give interest.

- Harshil:** I understand how the business works. I understand the business aspect of it but we are at 210 Crores of receivables out of that 80 odd Crores for which there is some attention the audit report so at least one third of my receivable is stuck for this overdue?
- N. G. Subramanian:** This point was raised in our audit committee and it was decided that the Company will raise the bill but in the books of accounts this will be reversed so in the books of account the interest chargeable to our clients stands as zero. It was noted that the audit committee that this is something that the company should work on so we have informally informed our clients that this is the tender clause so you need to look at this aspect but the books of accounts do not carry this as notional revenue.
- Harshil:** So the overdue receivables that we have. Out of that we have provided some amount so is the provision that we have made in this part as well as in earlier quarter so whether this provision covers this overdue amount or it is wholesale portfolio approach?
- N. G. Subramanian:** This was only adopted only in specific client cases where we have got a balance confirmation and credit note or adverse recommendation from the client having made absolute provision otherwise it is a portfolio provision that we have taken based on the last two decades of experience of working in this industry we always have ECL kind of provisioning to kind of tie this over such kind of eventuality.
- Harshil:** There is significant increase in borrowing so is this borrowing for these projects which is going on?
- N. G. Subramanian:** The main increase for the debt is primarily due to the waste-to-energy project that is being constructed at Pimpri that has taken away the incremental 126 Crores for that project. The balance is due to the new project that we executed in North Delhi and Nashik C&T operations.
- Harshil:** In terms of waste-to-energy how much revenue that we expected to generate in next year and how much would be the margin in that space?
- N. G. Subramanian:** Normally we do not give any specific guidance in terms of project specific numbers but based on our conservative approach I think we are looking at an annual revenue of around 60-65 Crores on full scale of operation. Next year is going to be only for 6 to 9 month of operation that is for staggered PLF but 60-65 Crores annual revenue is something that we look at and since this is a waste processing in nature we have higher EBITDA than the consolidated numbers that we have.
- Harshil:** Actually I have made a request last time as well can we have this breakup of major part of expenses which is power and fuel?
- N. G. Subramanian:** We will connect with the investor relation team and have that thing send out or have that as an annexure in our reports going forward.

- Harshil:** You just present it by way of note into the result itself that will be better. We do not have to ask a basic question which we can get it from the result itself.
- N. G. Subramanian:** Point taken.
- Harshil:** Do we have any plan to issue any bonus sale because we are significantly capitalized I would say we are good capitalized company so do we have any plan to issue any bonus sales?
- N. G. Subramanian:** This is something on capital structure we have never applied any thought. We will definitely reach out to the Board whether they have ideas in this aspect.
- Harshil:** Because why I am saying this when we give the dividend the cash goes out to the company right and we have significant borrowings outstanding, so instead of giving cash at least reward the shareholders by way of bonus share. Thank you.
- Moderator:** Thank you. The next question is from the line of Harish Swaminathan an investor. Please go ahead.
- Harish Swaminathan:** Thank you very much. I have been carefully listening to all these questions and wonderfully addressed by all of you. The core concern seems to be the relationship with the municipalities so my question is how do we bring back little more assertiveness and a certain rhythm back to ensure our rights as a vendor with the municipality of course we are bound by the tender but on the other hand we are an essential service provider and our service is very much in demand but then how do we ensure our right because somebody has to pay you but then he is not on the elected status as on date so we have to wait so how do we do it, do we do it by way of withholding service which is not very practical or do we escalate to the Chief Minister of the state or we escalate to the Prime Minister's office because as a vendor it is our right to get back our money let alone interest, we are providing a sacred service, now how do we ensure our right is it only the tender document by which you ensure your right because then you have limitations. This addresses most of the concerns of the investor questions till now including the question asked by Richard about inability or the timidity to collect the Rs.500 transport cost from a cement company who can very well afford to pay it so my question is more philosophical around bringing back a little more assertiveness into something which the customer is very much mandated to pay. We are not doing a charity to them. Thank you very much for all the work that you have been doing. Thank you.
- Mahendra Ananthula:** I think it is an excellent question Sir. What I would say is that there are two parts to it one part is the contractual part where we must exercise our right so what we have done is that we have strengthened our central contract management team so that at least we are meeting all the obligations contractually that we are supposed to deliver so that the client does not find faults in our works tomorrow as an excuse not to pay us that is one. Second part of the answer is philosophical is that ultimately this is an essential service, this is essential business and there is no two way about it that we actually cannot hold them to ransom or blackmail them by saying

that okay we will not give you service today or for next couple of days because that actually leads to bigger problems because after when we come back because even operationally if we stop our service for two days and come back after two days it is again a mess. The restarting operations actually takes more effort and energy and time so the best way and only way which we have found works very well is to actually have a close dialogue, very close communication with stakeholders, no less than the commissioner or the health officer who typically are the two important stakeholders in the city are the people that we actually communicate with or talk to them regularly about the kind of problems that we are facing in terms of cash flow constraints if they do not pay on time. And invariably we have found clients actually being supportive for that. And yes as you said we have not gone to the Prime Minister of India but we actually have reached out to the state government, the urban development department, even the example of one of the cities that we are talking about which has got a huge outstanding and the municipality was not in a position to pay so we went to the state government and they issued the order. So we have to try all options that are available to us which is talk to the local stakeholders, talk to the political stakeholders, talk to the RWA Resident Welfare Associations, talk to the state bureaucracy and even the Chief Minister's office and so on. All these things actually sometime help you in meeting the objective that we want to have and solving our day-to-day crisis. I hope that addressed your question.

**Harish Swaminathan:** Thank you very much and all the best.

**Moderator:** Thank you. The next question is from the line of Kaushal Kedia from Wallfort PMS. Please go ahead.

**Kaushal Kedia:** What I wanted to understand is the escalation clause in the wage increase bills that you have not recognized for this year will it be a recurring issue and what exactly is escalation clause the fuel increase and what is it so I want to understand the technicality behind it?

**N. G. Subramanian:** It kind of clarifies on three buckets, one is fuel, salaries and wages and miscellaneous so that has different weightages that assigned to the rate per tonne that will go to the corporations. So as and when the fuel price or the wage will increase the same gets calibrated and the increase in prices get passed on as escalation in our tipping fee. Now normally the tipping fee is granted by the corporation and escalation needs to be approved either by the commission themselves or the standing committee. In certain contracts it specifically mentions the escalation which are annually or quarterly or even monthly needs to be approved by an elected member so till 2021 or even pre 2020 this was not a problem because there were elected members who were there and as part of routine monthly budgets and bills this was getting approved now since there are no elected members, there is nobody in the office to pass this bill so the tipping fee which is the tender rate gets approved and due to increase in fuel bill or wage bills gets approved later once the member is appointed in the office so that is a difference, otherwise it is a routine matter of operations.



- Jose Jacob:** So for your information majority of our contracts we have escalation and the escalation money is coming in without any problems only this one or two contracts where we are waiting for election to happen and once that is done it is not an issue.
- Kaushal Kedia:** What I want to understand if basically again if the fuel increase which they were say high in the first half of the last financial year so we will have this problem again maybe if there is no standing committee?
- N. G. Subramanian:** The money is already spent by the company; the reimbursement is not currently getting booked because there is no authority to approve this reimbursement. So the revenue is lower because of that amount. The expenses is actually incurred and spent so that is what had lead to the depression in the margin.
- Mahendra Ananthula:** To add to that the escalation problem occurs only first time when we moved from the quoted rate to the escalated rate for the first time after that it is almost the automatic cycle wherein the rates are revised quarterly or annually as a case maybe.
- Kaushal Kedia:** That is because this year was anomaly because of the extreme rise in crude oil prices and subsequent rise in the petrol prices so is that right to assume?
- N. G. Subramanian:** That is the right way of looking at it because once the approval comes in place it's an easier process.
- Kaushal Kedia:** One more question so what the earlier gentleman asked is why out of 210 Crores why do we say 80 Crores is disputable or 80 Crores is under dispute?
- N. G. Subramanian:** Because the balances are routine payments because the bills are paid on monthly basis so the outstanding as of March 31, 2023 the bill is raised only in April so that is why the receivable amount is on a higher side.
- Kaushal Kedia:** I just wanted to understand the gentleman said 80 Crores is about disputed amount so is that correct more than one third?
- N. G. Subramanian:** So around 50 Crores is the amount which has been disputed and that is under dispute by the state and that has been passed down so the entire 80 Crores is not the dispute.
- Kaushal Kedia:** Passed on 50 Crores is disputed and passed on means?
- N. G. Subramanian:** 50 Crores is the money of minimum wage reimbursement which has been approved by the state and the municipal commissioner to be paid to the company in installments within 12 months so that is the clarification on the note for that other previous investor asked for. The other qualification which is over and above this 50 Crores is the 8 Crores qualification which is pending receipt of fund based on arbitration settlement.

**Kaushal Kedia:** One last question from my end is there any industry lobby which you have created with other players in the industry that can basically put up your issues to the concerned authorities about the payments and escalation and something on that front, is there a strong industry lobby?

**N. G. Subramanian:** So waste management has a subset in CII and FICCI where these concerns are raised and flagged but there is not a single industry lobby for waste management because waste management 2020 or 2000 was still run by the government agencies and even today there are handful of players but we all meet our part of the CII and FICCI federation so we do raise our concerns through these larger firms.

**Kaushal Kedia:** Just a suggestion will it be possible to create a lobby maybe through the central government or maybe they can form a sort of committee under the Swachh Bharat mission to expedite payments and sort of these matters on a fast track basis?

**Jose Jacob:** We have organization like FICCI but that is more of industry how quality matters. As far as payment is concerned every municipality has a different way of paying in the case of Mumbai we get 45 to 50 days, in some municipality it takes 70 days, in some place it takes only 30 days so every client is different, so the industry organization like FICCI and all we sit together we discuss this matter but basically this is more on policy matters.

**Mahendra Ananthula:** Actually we often reach out to even the policy makers in Delhi like Ministry of Housing and Urban Affairs and Swachh Bharat Abhiyan, the mission kind of people and so on but however as Jose mentioned they are more policy driven they make policy. The payments are always driven at the municipal level so it is always better to go to the state government if we need them for any intervention, otherwise industry lobby and those associations actually do not help beyond a point.

**Kaushal Kedia:** Thank you so much for answering my questions patiently. Thank you.

**Moderator:** Thank you. As there are no further questions I will now like to hand the conference over to Mr. Jose Jacob for his closing comments.

**Jose Jacob:** I want to express my gratitude to our dedicated team who has worked tirelessly to achieve our goals. I also extend my heartfelt appreciation to our clients and stakeholders for their unwavering support. Together we have built a strong and successful company and I am confident that our journey towards a cleaner and greener future will continue to be filled with success. Thank you everybody.

**Moderator:** Thank you members of the management team. Ladies and gentlemen on behalf of Antony Waste Handling Cell Limited that concludes this conference call. We thank you for joining us. You may now disconnect your lines.