Ref.: AW/SEC/BSE/2023-24/88 Date: February 19, 2024

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 February 14, 2024
Ref. : Intimation under Regulation 30 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("SEBI Listing Regulations")

Pursuant to Regulation 30 of the SEBI Listing Regulations and in continuation to our letters having reference number AW/SEC/BSE/2023-24/82 dated January 31, 2024 - regarding intimation of Earnings Call and AW/SEC/BSE/2023-24/87 dated February 14, 2024 - regarding uploading of Audio Recording of Earnings Call, please find enclosed the transcript of the discussion held during the said Earnings Call held on February 14, 2024, at 2:00 pm (IST) w.r.t. discussion of operational and financial performance for Q3FY24 of the Company.

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

This is for your information and records please.

Thanking You,

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

HARSHADA PRADEEP RANE
Digitally signed by HARSHADA PRADEEP RANE
Date: 2024.02.19 15:13:03 +05'30'

HARSHADA RANE
COMPANY SECRETARY & COMPLIANCE OFFICER
A34268

Enc. a/a

"Antony Waste Handling Cell Limited
Q3 FY2024 Earnings Conference Call"

February 14, 2024

MANAGEMENT: **MR. JOSE JACOB – CHAIRMAN & MANAGING DIRECTOR – ANTONY WASTE HANDLING CELL LIMITED**
MR. MAHENDRA ANANTHULA – GROUP PRESIDENT (OPERATIONS, BUSINESS DEVELOPMENT & DIVERSIFICATION) – 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 the Antony Waste Handling Cell Limited's Q3 FY2024 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. There will be an opportunity for you to ask questions after the presentation concludes. Should you need assistance during this conference, please signal an operator by pressing "*" and 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 & Managing Director. Thank you and over to you Sir!

Jose Jacob: Good afternoon and thank you for joining us for our Q3 FY2024 earnings conference call. With me I have Mr. Mahendra Ananthula, Group President (Operations, Business Development and Diversification), Mr. Subramanian, our Group CFO and SGA our Investor Relation Advisors. Our investor presentation for Q3 FY2024 is now available on the website of the stock exchange and also on our company's website.

In our Q3 we clocked core operating revenue Rs.193 Crores marking a strong 22% year-on-year growth. This growth can be attributed to several factors including escalation in tipping fees and improved revenues from fixed shifts, trips, and household fees. Furthermore, the initiation of our C&T projects at Panvel and the start of sale of power from our WtE projects have begun to contribute positively. The bulk of our capex is behind us and hence the drop in IND AS revenue. With this shift in our revenue mix the driver of our margin is now being led by core operating revenue. This is evident from our improvement in EBITDA margins with jump by 690 basis points to attain 22.3%. The Q3 of FY2024 core EBITDA margins met our expectations boosting confidence in our stability and long-term growth.

On the corporate side the company has submitted scheme of merger with the NCLT which entails the absorption of two of its wholly owned subsidiaries namely Antony Infrastructure and Waste Management Services Private Limited and KL EnviTech Private Limited into AG Enviro Infra Projects Private limited a subsidiary wholly owned by the company. The primary objective behind this strategic move is to rationalize and simplify the organizational framework thereby enhancing operational efficiency and facilitating better management oversight. Thank you and I now hand over the call to Mr. Ananthula our Group President (Operations and Business Development). Mahendra over to you!

Mahendra Ananthula: Thank you Jose. I am pleased to present an update on our operational performance for Q3 of FY2024. During this period, we affectively managed 1.18 million tonnes of waste demonstrating a notable 13% year-on-year increase. This growth can be attributed to the successful execution of operations in newly acquired contracts, improved volumes at existing collection and transportation sites and an uptake in tonnage process at our waste processing operations. Specifically in the C&T business segment we handled 0.48 million tonnes in Q3 of FY2024 marking a significant 19% growth compared to the previous year. Furthermore, our waste processing business managed 0.70 million tonnes representing a commendable 9% increase over the previous year. During this quarter, our refused derived fuel which is commonly known as RDF sales reached a new milestone totaling approximately 47,000 tonnes. This signifies a substantial improvement compared to around 15,500 tonnes in the same period last year and around 25,000 tonnes in Q2 of FY2024. Additionally, we sold around 3,200 tonnes of compost during the quarter compared to about 1,700 tonnes sold last year. It is worth noting that the sales volume of compost was softer than expected due to lower offtake of fertilizers in the state of Maharashtra and Gujarat primarily due to the weaker than expected monsoon in the state. It is a big achievement this quarter for the commencement of commercial power sales from our waste-to-energy plant in Pimpri Chinchwad Municipal Corporation. We are pleased to report that during the first three months of operations the plant's performance has met all the technical and operational parameters as designed satisfactorily by our Japanese technical partner, Hitachi Zosen. Currently we are supplying approximately 8 megawatts of power to PCMC water pumping station in Ravet and the sewage treatment plant in Chikali lowering their monthly power bill. Over the remainder of this fiscal year our aim is to steadily achieve PLF of 85% to 90%. We are also in the process to onboard additional PCMC assets for full utilization of power generated in our waste-to-energy plant.

On the ESG front in terms of emissions our Scope 1 emissions totaled about 6,348 tonnes of carbon dioxide equivalent in Q3. Our Scope 2 emissions increased to 1,405 tonnes from 625 tonnes in Q2 reflecting increased bio-mining and shredding activities. Our commitment to emission reduction is evident with awarded emissions of 2,559 tonnes in Q3 as compared to 1,260 tonnes in Q2. Currently our ground staff strength stands at 9,781 with a sequential increase reflecting the commencement of the Panvel C&T contract. We remain proactive in pursuing opportunities in C&T, bio-mining and waste processing projects underscoring our firm commitment to sustainability and creating value for our stakeholders. Our operational excellence is exemplified by the prestigious rankings restored upon the cities we serve as demonstrated by the recent Swachh Bharat survey. These remarkable accomplishments are thoroughly outlined in slide number 13 of our investor presentation.

In conclusion these accomplishments underscore our steadfast dedication to environmental sustainability, innovation and the creation of a better and greener future. Our company remains committed to growing sustainably while promoting a clean environment. In the coming months we eagerly anticipate achieving important milestones including the commissioning of construction and debris processing project in Mumbai and expanding power sales from the waste-to-energy plant in the Pimpri Chinchwad region. On to the financial aspects let me get N G involved here. N G over to you.

N G Subramanian: Thank you, Mahendra. The standout feature for the quarter lies in the transformation of a revenue mix signaling the nearing completion of the capital expenditure phase of the group. In Q3 of financial year ending March 2024 the company achieved significant growth with operating revenue rising to Rs.193 Crores which represents a robust 22% increase compared to Rs.158 Crores in Q3 FY2023. Sequentially the core operating revenue shows softness and this is mainly due to the recognition of Rs.14 odd Crores of escalation booked in Q2 for the past period. Adjusted for this one-time escalation benefit sequentially the total reported revenue is still up by 12.3%. On a nine-month basis the company has reported operating revenue of around Rs.570 Crores reflects a substantial 20% increase on a year-on-year basis as compared to Rs.474 Crores for the nine-month period last year. This impressive growth in operating revenue can be largely attributed to a substantial increase in volumes handled, the successful acquisition of the Panvel project and the escalations materializing in the last three quarters. In Q3 FY2024 the total tonnage handled reached 1.17 million tonnes which reflects a 12% growth over the previous year. For the nine-month period the total tonnage stood at around 3.52 million which reflects a growth of 12% for the same period last year. In terms of consolidated EBITDA performance the group demonstrated a significant growth of 45% reaching Rs.50 Crores in Q3 FY2024 compared to Rs.34 Crores in Q3 FY2023 accompanied by an impressive EBITDA margin of 22%. This marks a noteworthy increase of around 690 bps from Q3 FY2023. However on a sequential basis the margin appears softer primarily due to the reason stated above which is basically Rs.14.8 Crores of past escalation being materializing after a delay. When adjusted for this factor the Q2 EBITDA margin would have been around 18.1% and this compares against the Q3 FY2024 EBITDA margin of 22.3%. For the nine-month period ending December 2023 the company exhibited a robust 23% in EBITDA reaching Rs.158 Crores compared to Rs.129 Crores for the same period last year with an EBITDA margin of 23%. This demonstrates a remarkable increase of 400 bps on a year-on-year basis. A word on the Other Expense line item. The total Other Expenses has risen to 17% primarily driven by 96% increase in RDF transportation cost which came in at around Rs.10.9 Crores. The other components of Other Expense line item namely power, fuel and vehicle hiring cost came in at around Rs.34.6 Crores and Rs.24.3 Crores, respectively. Interest expenses have jumped from Rs.6 Crores last year to Rs.11.4 Crores in the last quarter while deprecation has risen by 58% year-on-year. These increases are primarily attributed to the commercial launch of the waste-to-energy plant. Despite these factors the pretax profit for the quarter has risen by 24% year-on-year reaching Rs.23.2 Crores for the quarter. However despite the uptake in the pretax profit the rise in deferred taxes has exerted a pressure on the PAT numbers which has come in flat at Rs.15.6 Crores. The deferred tax has increased during the quarter due to increase in undistributed profit at the subsidiary level and also due to a deferred tax liability at our renewable energy waste-to-energy plant as new assets are being capitalized. As of December 2023 the group's gross debt stood at around Rs.383 Crores with a net debt of around Rs.330 Crores indicating a net debt to equity of 0.5x. The weighted cost of debt for the group stands at 8.8%. The company remains steadfast in its commitment to bolstering operational efficiency, enhancing liquidity and cultivating a favorable financial landscape. Within the quarter one of the large subsidiaries of the company has been upgraded by CRISIL by a notch to A minus with a Stable outlook. Similarly the waste-to-energy project has also started being initiated at investment grade by the rating agency. Given these parameters and the upcoming projects the company is sure of achieving a sustainable 20% to 25% CAGR rate in its core operating revenue outlook. That is all from our end and now we open the floor for Q&A.

Moderator: Thank you very much. We will now begin the question-and-answer session. Ladies and gentlemen we will wait for a moment while the question queue assembles. The first question is from the line of Faisal Zubair Hawa from HG Hawa & Company. Please go ahead.

Faisal Zubair Hawa: Sir the financial results keep on showing a very big up and down as far as the EPS is concerned so how can we then stabilize this and it is becoming more and more difficult to understand the figures each quarter particularly there is a huge variation in each quarter that is one and second is Sir what is the kind of revenues we are now expecting in Q4 from the Pimpri Chinchwad project and what is the kind of EBITDA has the project even stabilized?

N G Subramanian: Good afternoon Mr. Hawa so the volatility in the earnings is primarily because of lack of clarity and directions and decision making at bulk of our clientele. Since most of our clients do not have elected members there is a significant delay in decision making process. As a result there is a lumpiness of escalation getting recognized and being passed on so that is why you are seeing a significant jump in recognizing these escalations which has been seen in the EPS kind of swinging in the last two or three quarters.

Mahendra Ananthula: On the second point about the PCMC waste-to-energy we are pleased to disclose that in the last few weeks especially in the last three weeks we have been running the plant at full load of 14 megawatt which basically means that we have maximized our power generation capability and the plant is functioning well and that is why which reflects in a very healthy power load factor of 99% and I am talking of the last 21 days data. So going forward we expect to achieve 85% to 90% of PLF which I think is a great achievement or great target to have in the first year of operations.

Faisal Zubair Hawa: So what kind of revenues can we get in the Q4 from there?

Mahendra Ananthula: So typically if you see the revenue model for this on the power sale 14 megawatt is a generation. You take out let us say you at an average if you work on a PLF of 15% and then an auxiliary power of about 12%. The average billing would be for 11 megawatts of power so that is going to be the bench volume.

Faisal Zubair Hawa: What is the kind of luck that we could have with the Supreme Court in this quarter whatever case come up for hearing because that Rs.10 Crores to Rs.11 Crores is always hanging in balance?

N G Subramanian: That dates unfortunately have been postponed again we have got the date of February 26 from the Supreme Court so as and when the case comes for hearing we will be taking it up from there.

Faisal Zubair Hawa: You feel that the construction collection program also could start in this quarter?

N G Subramanian: The C&D contract is expected by April 1. The construction phase and the establishment of the assets everything is ongoing so we expect the approvals and everything to be in books by the end of the current financial year, commercialization of the project is likely to start from the Q1 of the next financial year.

Faisal Zubair Hawa: Sir on a per unit basis are we profitable in this RDF that we sent to the cement companies or are we still making losses on each unit?

Mahendra Ananthula: There is a positive contribution because what we are looking at is that after adjusting for the transportation cost we need to make a positive contribution.

Faisal Zubair Hawa: So are we earning anything on each truck that we send to the cement companies?

Mahendra Ananthula: Absolutely on each tonne of RDF that we are selling we are having a positive contribution.

Faisal Zubair Hawa: Because it is trending to bring down the EBITDA every time when the volumes go up on this front?

N G Subramanian: Mr. Hawa there is a combination of revenue contributors and the margin contribution. Sale of RDF though is a very bulky item it is a low margin business so that is why the weighted average of EBITDA margin drops in but on quantity terms if we look at volume and on value basis it adds to the bottomline.

Faisal Zubair Hawa: I appreciate you are answering my questions so well Sir. Thank you.

Moderator: Thank you. The next question is from line of Neerav Dalal from Maybank Investment Banking Group. Please go ahead.

Neerav Dalal: Yes thank you for the opportunity. A couple of questions, first is can we get a PBT for the Pune project and for ex-Pune because I think that will give a better indication in terms of how the performance is shaping up at least on the PBT side obviously excluding the one-off that we have in terms of collection and all of that so is that possible?

N G Subramanian: Yes currently we do not give segment wise information because none of these projects provide more than 10% of the revenue or of the profitability or the capex so we do not only disclose the segment wise information and the contribution of those projects.

Neerav Dalal: Sir where I was going to was that because depreciation and interest costs would have been higher just because we have capitalized the waste-to-energy project?

N G Subramanian: Yes so if you were to ask the depreciation cost and interest cost of the waste-to-energy project on a thumb rule basis I think the cost of annualized interest is in the range of around Rs.13 odd Crores, the depreciation would be in the annualized range of around Rs.17 odd Crores.

Neerav Dalal: Got that. The other question I had was so our average interest cost as you said is down less than 9% so is there a possibility that we can rework the waste-to-energy project debt because I guess we have taken that; it has been taken from PFC at 12.15% so is there a possibility?

N G Subramanian: That is definitely a possibility of refinancing this but based on the performance and the rating that we have got PFC has already reduced the rate to around 10.25%. So the cost of borrowing has already come in to lower levels but after two years of successful performance and once the cash flow comes in, our ability to get it refinanced will be much stronger and much easier for us to sell than the way it is today.

Neerav Dalal: Just last question in terms of the RDF and all of that what would be that as a percentage of revenues?

N G Subramanian: Less than 2% of our total revenue significantly small pie.

Neerav Dalal: Significantly small. Thank you.

Moderator: Thank you. The next question is from line of Saumitra, an Individual Investor. Please go ahead.

Saumitra: So quickly I have understood the interest and depreciation part so this is something that will continue for the next quarters also right, so just to offset that what would be required is probably those assets giving you value and your revenues going up so if I may have missed this if it has already been answered I just wanted to understand what kind of revenue not only core but cumulatively the entire business what kind of revenues can we expect in the coming quarters?

N G Subramanian: So we are comfortable on the core revenue part I think we would be looking around Rs.200 Crores to Rs.220 Crores based on the existing kind of projects that we have. Going forward I think with the construction and debris processing contract kicking in the next year that gives us a visibility of around 18% year-on-year growth for the entire group and this is at the core operating section.

Saumitra: So basically what we are saying is at least 20% growth is something or 18% to 20% growth is something that we can expect year-on-year from the company?

N G Subramanian: Yes.

Saumitra: That is on the overall revenues right?

N G Subramanian: As on the overall revenue not on the project specific.

Saumitra: Yes just one actually it is a little confusing your business is a little complex and just understanding which moving part is going where so you talk about core? Then there are certain non core activities so it becomes a little difficult to understand what would be the revenue projections and hence specifically going forward you can just provide some kind of a view on the overall I will tell you why the reason is **, so I am an HNI** who has been interacting with a lot of people not only in this country but outside there is a lot and lot of interest in businesses like you and I feel it is terribly undervalued just because of certain aspects of communication and clarifying what exactly is the business, this business does not deserve the valuation that it is currently having it deserves much, much, much better, These are the businesses globally people are looking at and figuring out and wanting to enter because this is the future. Now the only question is can we expect from the management to provide because see you have to understand people are not as engrossed in the business as you guys are probably and they would require a simplified understanding of the business so if that is something that can be done I see wonders happening for this particular business so this is one request from my side and this request is basis interacting with multiple people across different countries.

N G Subramanian: I appreciate this point of view but if you were to look at our investor presentation if I can draw your attention to slide number 25 it actually spells out our revenue contribution what we call as core operating revenue which is our revenue from collection and transportation and from waste processing that is my core operating revenue. After that we have a line item called contract and others which is what our inner revenue is. So when we talk about a 20% growth in core revenue I am actually giving a number every quarter about what we are talking about. Similarly when we talk about EBITDA margin and core EBITDA margin we strip out the Ind-AS related revenue and Ind-AS related cost and we said this is what we are talking about. My reported EBITDA is for this quarter is around Rs. 49.7 Crores but my core EBITDA which strips out my Ind-AS accounted revenue and project revenue this is Rs. 49.3 Crores. So I actually split out my revenue potential, my core revenue, my core EBITDA and this is there in slide number 25.

Saumitra: No my suggestion only comes from the perspective that everyone is looking for such businesses because this perfectly falls into the ESG category and if you realize there are a lot of funds across that are looking for such businesses and it is an appreciation that somehow it can be properly communicated I understand even the first person found it a little difficult to understand how the revenues are functioning, etc., if there can be some improvement in terms of how the communication is done about the business I feel this business has a lot of value and I think that is appreciation towards you as a management who are in this who identified at the right time and are working in the right this thing business it is just I do not know why but I just feel there is a lack of awareness about this business across.

Mahendra Ananthula: Sure and thanks for the suggestion Sir. We will look into it and we will try to improve our line of communication.

Saumitra: That is the only thing. Everything else good.

Mahendra Ananthula: The point is well taken yes.

Saumitra: Thank you so much.

Moderator: Thank you. The next question is from line of Utkarsh Somaiya, an Individual Investor. Please go ahead.

Utkarsh Somaiya: Thank you for the opportunity. I had a question regarding your accounting again so in your core operating revenues which is Rs.193 Crores the waste-to-energy project which is just commissioned is a part of this am I right?

N G Subramanian: Yes that is part of the MSW processing.

Utkarsh Somaiya: Right and the contract and others why is there so much volatility in that number?

N G Subramanian: This is reflective of the capex that we have done. So in the past if you see the last nine month details from the previous it was Rs.192 Crores and for this last nine months is around Rs.100 odd Crores, this is primarily because as and when we do the capex the same line item gets reflected as contract revenue so once the construction period is done for us the contract revenue falls off and that asset once it is put into use gets reflected into my processing or a C&T line item. So this is as per the accounting standard norms wherein assets are not owned by the company. These are DEBOOT projects so hence I need to recognize them using these kind of methodology and it flows through my income statement and then sits as either financial assets or as intangibles in my balance sheet.

Utkarsh Somaiya: Is there any way to make this a little more predictable for investors?

N G Subramanian: We will be very happy to do it. For that I would like to go back to my old Indian accounting standard which is simply whatever you own you put it at land bank and plant and machinery and there is nothing to do with this accounting standard. I will be very happy to do it because it is a nightmare just to explain internally and to my bankers and financers see this is my core earnings, this is my accounting adjusted earnings. Trust me this is something that we always bother but the fact is today with Q3 and Q4 may be part of Q4 I would say all my construction phase is almost done so I will not be having significant contract revenue line item going forward. All of the revenue would be predominantly driven from my core activity of processing and handling waste.

Moderator: Thank you. The next question is from line of Jishan Singhi from Krijuna Research & Analytics. Please go ahead.

Jishan Singhi: Thank you for this opportunity. First I would like to ask that if we see on the quarter-on-quarter wise your profit has been impacted nearly by 50% so what could be the potential reason for that?

N G Subramanian: During second quarter we recognized around Rs.14 odd Crores of escalation of the past period that got approved in Q2 of FY2024 hence there was a significant increase in the Q2 number. Now if you were to strip out that then my margins on a year-on-year and a sequential has improved on that basis so this is just the lumpiness coming in because of the administrative lapse in the past which got rectified in the Q2.

Jishan Singhi: My next question is on the construction debris that that you mentioned in your last concall I would like to know more about that, is this a new segment your company is entering into and how it can contribute to your topline further going ahead?

Mahendra Ananthula: Yes this is our first project in the construction & debris processing segment . There are three revenue streams in this project; the first one is for the collection and transportation of construction debris from Mumbai to our processing site. This processing fee has got a rupee per tonne kind of tipping fee which is payable by BMC to us. The second revenue stream is basically by the sale of the value-added products that we would be selling which is the sand and aggregates and things like that. These are the two broad revenue streams of this project. Both these will add to our processing revenue.

Moderator: Thank you. The next question is from line of Shriyansh Jain from Arthya Wealth & Investments. Please go ahead.

Shriyansh Jain: So I was just asking about the protests that are currently going on in Delhi or Noida side so how does it affect or is it affecting your operations of collection and transportation which are going on in Delhi or Noida side?

Mahendra Ananthula: Are you referring to the ongoing farmers' agitation?

Shriyansh Jain: Yes.

Mahendra Ananthula: It is too early to say because this agitation actually started technically only yesterday or probably today. It is a bit too early but Noida as of now there is no effect. Delhi also there is some restriction, but in all in all there is no effect on our business in terms of collection or waste or transportation.

Shriyansh Jain: Any problem in transporting the waste to your main central point then will it not be an issue to you?

Mahendra Ananthula: Not really.

N G Subramanian: Currently we are working out of Karol Bagh area so there are no great impact because of these strikes in that region and the dumping ground or the waste processing sites are away from the places where the strikes are going on so we do not have any impact on our operations.

Mahendra Ananthula: Because the so-called agitation is only at the border because what we understand is that the Delhi Government or Delhi Police has stopped these farmers or have these entry points checked right but all our operations and our collection points, transportation routes and the landfill site or the process site is within the city limits so we do not envisage as of now any impact on our operations.

Shriyansh Jain: One last question like if I see your like C&T revenue which was in last quarter Rs.152 Crores and in this quarter it is like Rs.139 Crores to Rs.140 Crores so why there is a fall in it instead like you also told last quarter that from November 1, 2023 your Panvel collection and transportation contract is going to start so it should add your revenue and like there was no other expiry date of your contract so why there is a fall in collection revenue?

N G Subramanian: Yes so last quarter that is Q2 of Rs.152.4 Crores of revenue we had around Rs.14.8 Crores coming in as escalation for the past periods, this was for the past six quarters so there was a lumpiness there coming in so if you were to look at my steady state of Q2 C&T operations the number would be around Rs.138 Crores so it is not a significant decline and those numbers primarily due to escalations being booked in Q2 that is why you are seeing 8% sequential fall there. Also in the current quarter our Mangaluru and Thane are kind of getting under the extension mode so there is some kind of an offset in the tonnage coming in so C&T operation on a peer-to-peer comparison is still flat to add this positive sequentially.

Shriyansh Jain: But there should be some growth right because Panvel contract has also been added so it should add your revenue like you said 420 tonnes per day you are collecting there so it should add some revenue why flat?

N G Subramanian: So we started Panvel operations from November 1, 2023, so we have only two months of operations in the reporting quarter and the ramp up of any new project does not happen at full 100% capacity. You slowly ramp up your operation from wards and then scale it to 100% of the area to be covered.

Mahendra Ananthula: Yes more so because in the case of Panvel unlike most of our C&T contracts it is a responsibility of the corporation to give us vehicles so this handover of vehicles happen over a period of time so it is only in January by when Panvel actually handed over the entire fleet to us so that is why in the November even technically we started the contract in November the full impact is not visible in the numbers.

Shriyansh Jain: Is there any solution that like escalation clause you said you are adding to your C&T revenue because this will make our revenue much volatile because which hearing will be resolved at which quarter and which should not be able to know and this would create much volatility in your C&T revenue so is there any kind of solution or anything?

N G Subramanian: So currently as per the tender escalation is either annual or quarterly but because of the absence of elected members there are no rigors being processed by the administrative group. So for the foreseeable couple of quarters there is likely to be some lumpiness in the revenue recognition because currently we are not recognizing any escalation in the contracts which has not been approved by the client. So, as and when the same gets approved we would like to bring it into the books. Till that time we cannot recognize them, even on notional basis.

Shriyansh Jain: Thank you so much.

Moderator: Thank you. The next question is from line of Dhruv Shah from Dalal & Broacha Stock Broking Private Limited. Please go ahead.

Dhruv Shah: Sir thanks for the opportunity. Just wanted to understand what would be the Ind-AS impact on the interest and the depreciation part in this quarter in particular because I can see that in September we had this Rs.32 Crores of right to use of assets which was created but I do not think so that similar impact had come in Q2 majority of it has come in Q3 so if you could just give a bit of detail on that Sir?

N G Subramanian: So I think the total assets that have been incrementally added in the Q3 portion would be not more than around Rs.14 odd Crores which forms part of the contract revenue so that is a bit of it because if you look at the project expense component that is just Rs.5 Crores as compared to Rs.36 Crores in the year ago period so bulk of the assets have been booked in and everything is done. This was just timing from the independent engineer to certify the bills that it is getting recognized in the Q3.

Dhruv Shah: But in interest and depreciation in particular what would be the impact of the Ind-AS?

N G Subramanian: That will not be significant here because this is the Q1 wherein the PCMC's assets have been put to use so the incremental hit would be in the range of around Rs.3 Crores in terms of depreciation and in terms of interest cost it is less than Rs.2.5 Crores so that is the incremental impact that you can see.

Dhruv Shah: The rest of the interest is the increased cost or any other reason for that?

N G Subramanian: There is also the increase in cost due to the pull down of debt at two or three sites where we have incurred the capex some more vehicles at Panvel for example and at Nagpur and other sites. So incremental capex of our Kanjur project and C&T operations is the reason why that is a slight increase in the interest cost. Additionally the cost of interest is slightly inched up over the last three quarters so that is also kind of weighing on the numbers.

Dhruv Shah: Got it. Thank you.

Moderator: Thank you. The next question is from line of Arpit Shah from Stallion Asset. Please go ahead.

Arpit Shah: I think I missed the number for interest and depreciation of normal size for our waste-to-energy plant going ahead what was that number?

N G Subramanian: Yes. On a steady state of operation deprecation for waste-to-energy would be around Rs.17 odd Crores that is for the full year.

Arpit Shah: Rs.17 Crores and what would be the interest?

N G Subramanian: Interest would be around Rs.13 odd Crores.

Arpit Shah: 13 or 30?

N G Subramanian: Rs.13 Crores.

Arpit Shah: Rs.13 Crores and what was the revenue this quarter from the plant?

N G Subramanian: Revenue from the waste-to-energy plant in the current quarter that is Q3 was around Rs.6.2 Crores and that is just because we started the operations, we have less than around 60 days or 70 days of effective operations and tested the plant right from 30 PLF to 95 PLF and everything so we have recognized just around Rs.6.9 Crores or Rs.6.2 Crores sorry from the waste-to-energy project in Q3.

Arpit Shah: What kind of monthly run rates did you see in this plant given that you had operated the last three?

Mahendra Ananthula: Roughly about Rs.6.2 Crores revenue that is only from the sale of power, over and above that we also have revenue from the tipping fees which is payable by PCMC to us for the incoming waste so that is an additional revenue.

Arpit Shah: So what will be the steady state tipping fees plus sale of power let us say when the plant is operating 85% to 90% PLF?

N G Subramanian: It should touch anywhere between Rs.12 Crores to Rs.13.5 Crores. This is a very conservative number based on 80% PLF and with load factors and an auxiliary consumption of around 14% so that is a number that we are looking around. Actual numbers for Q4 would actually give us the benchmark on how the steady state of assets likely to be.

Arpit Shah: Rs.12 Crores to Rs.13 Crores is on a quarterly rate or a monthly rate?

N G Subramanian: On a quarterly rate.

Arpit Shah: Which includes tipping fees plus sale of power?

N G Subramanian: Yes.

Arpit Shah: What kind of margins you will be making on this business because it is typically high margin business right?

N G Subramanian: Yes it is normally a very high margin business so this is like any processing contract will be around 40% to 45% kind of an EBITDA kind of number. It can even be better depending upon the auxiliary power consumption stats and other things so that is why the Q4 would be the first quarter where we have the basic numbers about what kind of rated capacity, the auxiliary consumption, the kind of LDOs that we need to use for startups and shutdowns all will come into play.

Arpit Shah: Got it. Thank you so much.

Moderator: Thank you. The next question is from line of Dr Gagan N Jain from HRJ Investments. Please go ahead.

Gagan N Jain: I think Sir you answered most of the questions regarding to the balance sheet so I just wanted to ask you Sir like in the future what are we doing for the car recycling businesses which are really coming up, battery recycling, and the biogas as we know in this budget they said that biogas they will add 25% they are going to add so are you looking at this verticals also and what is the revenue and by what time can we expect these revenues to really materialize if any?

Mahendra Ananthula: So our first focus in this recycling segment is also end of life vehicle scrapping thing, currently we are in the process of identifying suitable land, we have already zeroed down on a couple of locations in two different states and we are also talking to one of the OEMs as a potential partner for this project so I think if all goes well by Q3 of next financial year we should be in a position to announce this project. So that is our first focus. The second one is the tire recycling which we want to actually set up in the same auto recycling facility. We are not looking for a partnership but we already have identified the equipment for the thing.

Gagan N Jain: For the biogas?

Mahendra Ananthula: The bio-CNG more than the bio-CNG we actually are looking at, as of now our focus is to look at more waste-to-energy projects because we think that probably has got a better return on our efforts.

Gagan N Jain: Sir I just like to understand by saying just one thing actually I think we have to publicize this business a bit and to make people more aware because I think I agree with the second caller that the potential is high but the communication thing is really which is troubling us and it can really make us fly if we can just work on that communication part and maybe get into that battery and biogas if possible you can look ahead for that and maybe give some announcements in some future plans so that we can also just work on that. Thank you.

Mahendra Ananthula: Sure and what I will say like the gentlemen who said earlier we can always have an offline discussion, take your suggestions and improve our communication narrative.

Gagan N Jain: Yes because I think that really makes the investor confidence really go up and that will help everybody as a whole and as a business also to grow I guess. Thank you and beset of luck.

Mahendra Ananthula: We will be happy to engage.

Moderator: Thank you. The next question is from line of Sandeep Salaria, an Individual Investor. Please go ahead.

Sandeep Salaria: Good afternoon Sir. So I have joined late and pardon me if my questions have been already answered. So I have two questions so see I see the interest cost has doubled and depreciation has also increased by 50% this quarter. Topline has fallen so when do we see this topline growth coming back and I also see in the past we had EBITDA margin of 25% to 26% range when do you expect that and the interest cost and depreciation are they going to go down in further quarters?

N G Subramanian: To start with the interest and depreciation has kicked in because of the commercial start of the waste-to-energy project. Till date they were under capitalization phase so that is why those were absent, now that the plant is put to use, the sale of power has started so the cost is now coming in. So we see these things to taper off over the next year or two. It is going to be gradual because these are 21-year projects so the interest cost of course will taper up faster within the next six to seven years but the depreciation is going to be steady at these rates given the project that we already have. The total revenue is flat primarily because the fall in the project revenue which is construction related revenue which has come down sharply from Rs.64 Crores to Rs.30 Crores in this quarter because the entire construction phase is done and dusted but if you look at our core operating revenue that is increased by 22% so the fall in project revenue which shows the fact that the construction phase is going off the schedule is getting replaced by the increase in my core operating revenue so as we mentioned we will grow the company at core operating revenues by around 18% to 22% comfortably given the underlying projects that we already have.

Sandeep Salaria: Thank you and I have a second question so I see a lot of variation in our PAT huge variations in our tax, our tax ranged from 11% in one quarter to 35% next so is there any specific reason which we have large, large variations in our tax on the quarter and is there any way we can reduce this lumpiness in our EPS and tax percentage because it gives electric shocks to investors every time we see this?

N G Subramanian: I agree. The lumpiness is primarily due to administrative reasons at the municipal corporations because of the absence of elected members. Since approval for escalations are not coming in a timely fashion that is why we are seeing a lumpiness in the revenue recognition and the booking of income and that is also reflective in the receivable cycles. Once things stabilize and once we have elected members with all the clients that we work with this thing will be streamlined so if you were to look at our financial numbers pre 2022 that was steady state of affairs and with a steady kind of numbers coming in which is very predictable in an annuity kind of a model. Post 2021 where most of the clients do not have elected members we are seeing a significant delay in decision making authority. We hope post May or June when these elections are over and we have elected members in most of the municipal corporations by the Q3 things should be back to where it was a couple of years back.

Moderator: Thank you. The next question is from line of CA Shivam Parakh from ValueWise Wealth Management Services. Please go ahead.

CA Shivam Parakh: Good afternoon. So I wanted an update regarding the dividend policy of the firm and second question is that you told that you are interested further in the waste-to-energy projects so are we in potential talks with some municipalities regarding waste-to-energy so these are my questions?

Mahendra Ananthula: Yes of course that is why we are talking to several municipalities but as you know that municipalities need to tender out these projects and the next three months everyone would be under the election fever so that is why but we expect that many of these municipalities will launch their waste-to-energy tenders by the end of this financial year.

CA Shivam Parakh: Sir update on the dividend policy?

N G Subramanian: So the Board is very cognizant of the dividend point and given the fact that the company is currently in the growth stage, the Board is aware for the projects to stabilize the DSCR and the interest coverage ratio should be stabilized once and then they will initiate on the dividend policy.

CA Shivam Parakh: Sir two to three quarters or four quarters down the line can we expect some dividend announcement?

N G Subramanian: I think Board has already been aware of this point and they are definitely working on the same principle. So we would expect the Board to inform the management on the policy on this aspect.

CA Shivam Parakh: Thank you Sir.

Moderator: Thank you. The next question is from line of Rohit Maheshwari from Tata AIG. Please go ahead.

Rohit Maheshwari: Thank you for giving opportunity to ask questions. Sir my question is related to your collection and demolition debris Rs.1200 Crores is maximum potential revenue in 20 years or there is an upside to this number?

Mahendra Ananthula: No the C&T waste we were talking about annual revenue of about Rs.30 Crores per year. It is a 21-year compression so we expect that this tonnage also will increase over the period of time plus the tipping fee also will get escalated as per the tender condition so that is the potential upside.

Rohit Maheshwari: So the maximum revenue per year will not be more than Rs.60 Crores correct?

N G Subramanian: Approximately that should be the ballpark assuming tipping fee and sale of byproducts put together.

Rohit Maheshwari: My second question is like if I see your annual tax rate for an example if I see the nine months for this financial year is close to 27% so going forward that should be the number we should estimate in our model correct?

N G Subramanian: Couple of variables. The tonnage always keeps swinging but yes around 20% to 24% growth in our core operating is the number that based on the underlying projects that we have should be baked in and the EBITDA should be in line with what we have reported now.

Rohit Maheshwari: No Sir I am I was talking about tax rate, the tax rate what we should consider on an annual basis should be between 25% to 27% correct?

N G Subramanian: That should be a very good assumption.

Rohit Maheshwari: Thank you Sir. Thanks.

Moderator: Thank you. The next question is from the line of Ketan R Chheda, an Individual Investor. Please go ahead.

Ketan R Chheda: Thank you for the opportunity, Sir given the nature of our contracts which are pretty much long-term contracts and based on the projects that you have ramped up and started ramping would you be able to give guidance for Q4 and FY2025?

N G Subramanian: For Q4 our core operating revenue would be in the range of around Rs.200 Crores to Rs.210 odd Crores that is a number that we are comfortable with. This is again I am talking about the core operating revenue and for FY2025 around 20% to 24% growth is a safe assumption current looking at the way the tonnages and everything is coming in from the project that we handled I think this is a number that we are working with internally.

Ketan R Chheda: 20% to 24% growth rate?

N G Subramanian: Yes.

Ketan R Chheda: Sorry did I hear that correct is it 20% to 24% growth?

N G Subramanian: 20% to 24%.

Ketan R Chheda: Fine and the next question is in this Q3 revenues do we have any contribution from C&D revenues or C&D revenues have not kicked in yet?

Mahendra Ananthula: Not yet because the project is under construction.

Ketan R Chheda: Do we expect them from Q4 onwards?

Mahendra Ananthula: From Q1 of next year yes.

Ketan R Chheda: 2025. Thank you so much. Thank you.

Moderator: Thank you. The next question is from line of Utkarsh Somaiya, an Individual Investor. Please go ahead.

Utkarsh Somaiya: Thanks again. I had a question just wanted to ask you from your discussions with the municipal corporation officials what is the sentiment regarding municipal solid waste, collection, and recycling given that globally the sentiment is very bullish on this sector just wanted to understand from your conversations is there any sense of urgency?

Mahendra Ananthula: From the point of view of municipalities and these officials, they are extremely, extremely now finicky about improving their ranks in this Swachh Bharat Abhiyan ranking the city cleanliness ranking that Government of India has. You must visit some of these cities and then if you talk to some of these officials they actually want seriously want to improve the collection efficiency, want to have most of their waste processed and actually work along those lines so that is why we see that in terms of business opportunities there are endless opportunities because not only the big metropolitan cities even the Tier-2 cities are now actually allocating a much larger part of their budget towards these activities which is a huge positive for our business.

Utkarsh Somaiya: So wherever government has actually intended to spend a lot of money for example in the power sector and defense and they have really gone all guns blazing so do you see this sector to really see a lot of allocation from the government or a lot of spending from the corporations and thereby do you see a lot of tenders coming sizable tenders?

Mahendra Ananthula: First of all I must say that the order of magnitude of the power sector or the defense sector is very different from these kind of waste management business because even a large power plant they will be talking about 2000 megawatt to 3000 megawatts of power right. Here we talk about municipal waste the largest would probably be like 20 megawatt to 25 megawatt so we are talking about a different scale but within this scale we see lot many opportunities and lot many cities coming up with more and more such projects. So to answer your question about the increased funding which is available Swachh Bharat Abhiyan actually has capex funding for funding the capex portion of some of these collection transportation contracts, the processing projects and even for the viability gap funding which is required to make some of these projects commercially viable so which in itself is a huge improvement but as I said do not compare the scale or the order of magnitude but if you compare with what the business was two years ago or three years ago we see a quantum jump.

Utkarsh Somaiya: Thank you so much. I have just one more question if you do not mind?

Mahendra Ananthula: Yes please.

Utkarsh Somaiya: Can you speak about your margin profile of the three segments you have and going forward do you see the revenue mix changing between the three segments?

N G Subramanian: Yes so normally we do not comment on the segment margins over here because that is slightly more sensitive given the fact that this is a very competitive industry and it is on a price bidding kind of a range so we normally do not comment on the margins activity-based margins.

Mahendra Ananthula: Yes but talking about the mix if we see historically our C&T business was about 60% to 65% of the overall revenue. Going forward in the next couple of years we want to make it at least 50:50 if not more in favor of processing projects so that is one. Secondly we are also very keen to increase our non-municipal revenue because as of now only sale of compost or RDF which is about 2% of our revenue is non-municipal. Going forward with the addition of some of these value-added products from the C&D project, the construction debris projects and commissioning of these auto scrap or the tire recycling projects we want to at least increase that revenue to 5% in the next couple of years. That is the business plan or the target that we have internally.

Utkarsh Somaiya: Noted. Thank you so much and best of luck.

Moderator: Thank you. Ladies and gentlemen due to time constraints we will take that as the last question. I would now like to hand the conference over to Mr. Jose Jacob for closing comments. Over to you Sir!

Jose Jacob: I want to express my sincere gratitude to our dedicated team whose unwavering commitment has been instrumental in achieving our objectives. I also extend my heartfelt appreciation to our extreme clients and stakeholders for their steadfast support. Together we have been a strong and successful company and I am confident that our journey towards a cleaner and a greener future will be characterized by ongoing clients. Thank you everybody.

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