Ref.: AW/SEC/BSE/2024-25/55 Date: November 19, 2024

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

Scrip Code: 543254

Dear Madam/Sir,

Sub. : Transcript of Earnings call held on November 11, 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/2024-25/49 dated October 24, 2024 - regarding intimation of Earnings Call and AW/SEC/BSE/2024-25/54 dated November 11, 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 November 11, 2024, at 3:00 pm (IST) w.r.t. discussion of operational and financial performance for Q2 & H1FY25 of the Company.

The transcript is also hosted on the Company's website i.e. at https://www.antony-waste.com/investors/financial/.

This is for your information and records please.

Thanking You,

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

HARSHAD A PRADEEP RANE
Digitally signed by HARSHADA PRADEEP RANE
Date: 2024.11.19 12:09:37 +05'30'

HARSHADA RANE
COMPANY SECRETARY & COMPLIANCE OFFICER
A34268

Enc. a/a

"Antony Waste Handling Cell Limited
Q2 FY '25 Earnings Conference Call"
November 11, 2024

E&OE - This transcript is edited for factual errors. In case of discrepancy, the audio recordings uploaded on the stock exchange on November 11, 2024 will prevail.

MANAGEMENT: **MR. JOSE JACOB – CHAIRMAN AND MANAGING DIRECTOR – ANTONY WASTE HANDLING CELL LIMITED**
MR. MAHENDRA ANANTHULA – GROUP PRESIDENT – ANTONY WASTE HANDLING CELL LIMITED
MR. SUBRAMANIAN NG – GROUP CHIEF FINANCIAL OFFICER – ANTONY WASTE HANDLING CELL LIMITED
SGA -- INVESTOR RELATIONS ADVISORS – ANTONY WASTE HANDLING CELL LIMITED

Moderator: Ladies and gentlemen, good day, and welcome to Antony Waste Handling Cell Limited Q2 FY '25 Earnings Conference Call. This conference call may contain forward-looking statements about the company, which are based on the beliefs, opinions and expectations of the company as on date of this call. These statements are not the guarantees of future performance and involve risks and uncertainties that are difficult to predict.

As a reminder, all participant lines will be in 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 star then zero on your touch-tone phone. Please note that this conference is being recorded.

I now hand the conference over to Mr. Jose Jacob, Chairman and Managing Director from Antony Waste Handling Cell Limited. Thank you, and over to you, sir.

Jose Jacob: Good afternoon and thank you for joining us for our Q2 FY '25 earnings conference call. With me, I have Mr. Mahendra Ananthula, our Group President; Mr. Subramanian, our Group CFO; and SGA, our Investor Relations Advisor. Our investor presentation for Q2 FY '25 is now available on the website of the stock exchanges and also on our company's website.

For the quarter ended 30th September 2024, our operating revenue remains stable, reaching Rs.200 crores compared to the same period last year. This softer growth was primarily due to the absence of onetime lump sum escalation receipt of Rs.13 crores in the prior period from one-off of Collection and Transportation Nagpur contract.

If we were to adjust for this one-off item and project roll off, our core operating revenue has seen a growth of 6% on a year-on-year basis. Our total operating revenue inclusive of income from sale of recyclables and Refuse Derived Fuel but exclusive of contract revenue stood at Rs.220 crores, reflecting stable year-over-year growth.

During the quarter, our Collection and Transportation business saw year-on-year volume growth of 9%. Revenue on the year-on-year basis has seen a decline, and this is because of this onetime lump sum escalation receipt of Rs.13 crores. However, if we talk about our processing revenue, it has grown by 22% driven by our sales from our PCMC waste-to-energy plant, and I'm happy to say that our first W2E plant is working very optimally.

EBITDA for the quarter stood at Rs.49 crores with an EBITDA margin of 21.4% and going forward, with a significant investment in our C&D business, we believe our margin to improve.

I'm pleased to announce that our wholly owned subsidiary, AG Enviro Infra Projects Private Limited, has achieved a significant milestone by winning a Rs.976 crores Collection and Transportation contract with Navi Mumbai Municipal Corporation. This marks the third consecutive term that we have been awarded this contract, which underscores our strong track record and exceptional risk mitigation in securing re-tendered contracts.

Our continued partnership with Navi Mumbai Municipal Corporation reflects the trust they have in our operational efficiency, commitment to quality and execute to deliver on large-scale urban waste management.

In addition, we are excited to report that our construction and demolition waste management site has now commenced operation. Initially, results are very promising, and we expect this facility to contribute meaningfully to both our operational goals and environmental sustainability objectives. By addressing C&D waste we aim to support urban infrastructure projects while promoting the responsible recycling and reuse of materials.

Our CIDCO bio-mining project is also progressing on schedule with steady advancement and successful early outcome. As these projects continues to ramp up, we anticipate it will play a vital role in our portfolio.

Looking ahead, we are confident that our strategic investment in the C&T business, along with the efficiency operation of our PCMC waste to energy plant, the successful launch of our C&D, construction and debris waste project and the scaling up of biomining at our CIDCO project will enable us to deliver strong and sustainable long-term results. Together, these initiatives not only drive growth, but also align with our commitment to building a greener, more sustainable future for the communities we serve.

Thank you, and I now turning over to the operational aspect. Let me get Mahendra in. Mahendra, over to you.

Mahendra Ananthula: Thank you, Jose. I would like to provide an update on the operational performance of Antony Waste Handling Cell Limited.

We are pleased to announce the successful completion of our first anniversary of operating waste to energy facility, which has achieved an impressive plant load factor of approximately 71% in the first year since its commissioning on 7th October 2023. This is significantly higher than industry average of about 60% PLF for similar projects in their first year of operations. For the coming second year, we are targeting a PLF of about 75%.

During the quarter, our PCMC waste to energy plant produced over 22 million green units in quarter 2, advancing our goal of reducing fossil fuel dependence and lowering carbon emissions. We have also avoided 3,485 tons of CO_2 equivalents.

During the period, we managed approximately 1.19 million tons of waste, reflecting a healthy 4% year-on-year growth. Excluding expired contracts, our organic volume growth was around 7% year-to-year, driven by the successful execution of new contracts, increased volumes at existing C&T sites.

In the C&T segment, we handled a record-breaking tonnage of around 0.49 million tons in quarter 2, marking a strong 9% year-on-year growth. Please note that the tonnage handled excludes projects based on fixed shifts, trips and household comps. Our waste processing business managed approximately 0.70 million tons in the second quarter.

Our momentum remains robust as we continue to deliver impressive secular economy-driven metrics. During the quarter, the company successfully sold approximately 30,500 tons of RDF and around 4,000 tons of compost in the first half of FY '25. These totals reached about 64,750 tons of RDF and 10,200 tons of compost, representing year-on-year growth rates of 14% and over 100%, respectively. This achievement highlights our commitment to sustainable circularity by converting inorganic fractions from municipal solid waste into RDF, aiding cement companies in meeting their alternate fuel requirement goals.

On the ESG front, our Scope 1 and Scope 2 emissions totaled approximately 12,800 and 1,700 tons of carbon dioxide equivalents in H1 of FY '25, respectively, with avoided emissions amounting to approximately 6,800 tons. Our ground staff strength currently stands at about 10,252 people.

As we navigate the evolving landscape of municipal solid waste management, we remain focused on driving sustainable growth and enhancing operational efficiency. We are confident that our track record, innovative approach and commitment to excellence will continue to be our strength in achieving our objectives.

Thank you, and I'll now hand over the call to N. G. for financial highlights.

Subramanian NG: Thank you, Mahendra. Good afternoon, everyone. For the second quarter FY '25, the company reported stable growth in its core operating revenue, reaching around –Rs.200 crores, consistent with the same period last year. Just to add color to what Jose had mentioned earlier, the year-on-year growth appears softer, primarily due to the absence of onetime lump-sum escalation receipt of Rs.13 crores recorded in the prior period. Adjusted for this one-off and a project roll-off, the core operating revenue showed a 6% increase on a year-on-year basis.

The quarterly performance also appears soft due to the monsoon factors, which didn't allow us to optimally operate our construction and demolition waste project, which we plan to ramp up in the second half of the current financial year. Our total operating revenue, which includes income from sale of recyclables and RDF, excluding contract revenue, stood at Rs.220 crores.

We have observed a notable shift in our revenue distribution from the second quarter FY '24 to second quarter of FY '25. In the same period last year, the revenue breakdown was 66% from C&T, 21% from processing and 13% from contracts and others. For the last quarter, that is Q2 FY '25, this shifted to 62% from C&T, 26% from MSW processing and 12% from contracts and others.

Contract revenue in second quarter '25 totaled Rs. 27 crores, a slight decrease from Rs.29 crores in the same period last year. The group achieved a consolidated EBITDA of Rs.49 crores with an EBITDA margin of 21.4%. Finance cost has increased from Rs.7 crores last year to Rs.12 crores in the last quarter, while depreciation has jumped by 54%. This is primarily due to the commercial launch of the waste to energy plant and the construction and demolition waste project.

As of September 2024, the group's gross debt stood at approximately Rs.397 crores with cash and bank balance of around Rs.82 crores, resulting in a net debt of around Rs.315 crores, indicating a net debt to equity of 0.4x.

Additionally, the company has during the quarter and subsequently received Rs.45 crores of the capital grant from the PCMC client and the same has been applied towards debt reduction. The group's weighted average cost of debt is approximately around 9.6%.

That concludes our remarks. We would like to open the floor for the Q&A.

Moderator: Thank you. The first question is from the line of Bhavya Gandhi from Dalal & Broacha Stock Broking. Please go ahead.

Bhavya Gandhi: Yes. So if you can just help me understand what is the revenue for Panvel Municipal Corporation that we expect for this year and next year? That is my first question. Yes. Similarly for other projects, yes, as well. I'll ask one by one.

Subramanian NG: Okay. For the first half of the current financial year, Panvel added around Rs.17.7 crores of revenue and the PCMC power sweeping and the PCMC waste to energy added around Rs.5 crores and around Rs.23 crores, respectively. And this is for the first half of the year

Bhavya Gandhi: mechanical sweeping you said, Rs.5 crores and...

Subramanian NG: PCMC waste to energy added Rs.23 crores.

Bhavya Gandhi: Waste to energy added Rs.23 crores. And similarly, when do we expect revenues coming in from CIDCO biomining and C&T project at Navi Mumbai?

Subramanian NG: The C&T revenue from the new projects will start in the -- from April 2025 onwards because the mobilization period is 6 months. So from next financial year, we'll see revenue from the NMMC contract coming in. And for the CIDCO biomining, I think the ramp-up will start in the second half and the revenue will start tickling from December onwards.

Bhavya Gandhi: How much revenue for the year we expect from CIDCO biomining?

Mahendra Ananthula: So, we are looking at about Rs.4 crores of revenue per month.

Bhavya Gandhi: Rs.4 crores, okay. And just lastly, on the construction debris, have we started booking revenue and for the year, how much do we expect?

Subramanian NG: Sorry, can you repeat that question? We couldn't hear that clearly.

Bhavya Gandhi: No. For the construction debris, have we started booking revenue? And what would be the revenue expectation for the current year?

Subramanian NG: For the construction and demolition waste, we have started booking the revenue. We started C&D operations only in the month of August. So the ramp-up will happen in the current financial year.

Mahendra Ananthula: Yes. So as N. G. mentioned, I mean, the C&D operations we started in August. The processing plant operation started 10 days ago. So approximately, going forward, we expect a revenue of about Rs.3 crores per month.

Bhavya Gandhi: Rs.3 crores per month. Okay. Starting from?

Mahendra Ananthula: For the next 4 months, so you can say that we will have about a revenue of Rs.12 crores to Rs.15 crores.

Bhavya Gandhi: Got it. And just one more thing. We formed a subsidiary specifically to help corporates meet their EPR. If you can throw some light on this as well.

Subramanian NG: So the construction and demolition waste, according to the white paper that was floated, for developers, approximately 10% of their materials that they use need to be from repurposed or recycled materials. So that is one of the mandates that has been floated by the government.

So the EPR angle is definitely a revenue generation point for the company in this aspect but the main core revenue for us would be the tipping fees from the client. Sales or revenue from EPR would be additional over and above what we can get it from the tipping companies.

Bhavya Gandhi: Got it. And if you can just throw light on the projects which are completed and what was their revenue contribution last year? And how much this year we are -- I mean, if you can just cite on the projects that we've completed and their revenue contribution last year?

Subramanian NG: So only project that got completed last year was the Mangalore Collection and Transportation business, and that contributed for the same period last year, that is for the H1 FY '24, it contributed around Rs.17.4 crores. So if you were to look at on an H1-to-H1 basis, incremental revenue from new projects added around Rs.45.8 crores. If you were to deduct the Mangalore revenue and the Nagpur escalation onetime thing, the increase in revenue, core revenue for the H1 period would be around 12% for the company.

Bhavya Gandhi: Can you just repeat the figure, last figure?

Subramanian NG: Total revenue would be around Rs.46 crores. Revenue from expired projects Rs.17 crores from Mangalore and Nagpur escalation was Rs.13 crores, as we mentioned. If you net out these two numbers, then you're looking at a core revenue growth about 12.1% in the H1 period.

Moderator: The next question is from the line of Prakash Kapadia: from Spark PMS.

Prakash Kapadia: Can you give us the core EBITDA and core margin reported during the quarter?

Subramanian NG: The core EBITDA during the quarter was around Rs.48.9 crores, and the core EBITDA margin is around 20.1%.

Prakash Kapadia: 20.1%, okay. And as we stand today, what's the outlook for the second half and anything new in pipeline in terms of newer geographies or derisking, any updates on that?

Subramanian NG: For the second half of the year, we are looking at, at least 15% to 16% top line growth, which includes ramp-up of operation at the bio mining of the C&T project, ramp up of operations at our waste to energy entity, which will see an improved PLF post the maintenance shutdown, and the sale from my construction and demolition waste. So that gives us comfort of achieving around 14% to 18% kind of a growth in the second half itself. On the project pipeline?

Mahendra Ananthula: On the project pipeline, I mean, we are looking at a couple of waste to energy and a couple of C&T projects, mainly in the western region.

Moderator: The next question is from the line of Kashvi Chandgothia from JRK Stock Broking.

Kashvi Chandgothia: So my question would be, sir, could you throw some light and more perspective on what are the future prospects for the next year? And how are we looking forward to expand the margins?

Mahendra Ananthula: So as I mentioned that we are looking at a couple of waste to energy and a couple of C&T projects, okay. But most importantly, another major initiative, which is still on the drawing board stage, but we are exploring setting up of a large waste-to-energy project at our existing Kanjur facility.

I mean, as I mentioned, we are still exploring that. We are in discussion with BMC. We held couple of rounds of meetings. And we have submitted the proposal -- a brief concept, I would say, to them in terms of how we would like to take it as part of our existing mandate. So that's something which is going to be one of our major initiatives for the next year as far as the conventional business goes.

Secondly, as we had always mentioned about our commitment to get into vehicles scrapping facility and so on. And as we mentioned in the previous earnings call as well, we had decided to buy land instead of taking land on rent to set up this facility to derisk this project. So we have made progress. We have already identified piece of land near Mumbai.

And we have already submitted the application. Application has made progress within MIDC circle. And post-election, which is due sometime later this month, their land acquisition committee is likely to allot the land to us. So that will make us eligible to apply for license for this vehicle scrapping facility. So these two projects that I mentioned, I mean, we are going to focus on these two initiatives in the next couple of quarters and years.

Moderator: The next question is from the line of Amit Rajput from Ritz Capital. Please go ahead.

Amit Rajput: Sir, could you please throw some light on your trade receivables and intangible assets because it was contributing around 18% to 20% on your balance sheet?

Subramanian NG: So on trade receivables, the long-term receivables is part of the retention money as per the tender condition, which gets released at the end of the contract. So the total DSOs, including long-term receivables, stands around 112, post -- subsequent periods after the quarter closed, I mean we have received a significant amount of sums, and now our DSOs is around 72. So that's on the receivables front.

Intangibles are basically money spent at capital expenditure in our Kanjur processing facility towards the material recovery and the composting plant and the waste-to-energy project. So these two are sitting as intangibles in the books of assets because these projects are on de-boot nature. And as per accounting standard 115, these needs to be treated as either financial assets or as intangibles.

Amit Rajput: Sir, what is your future plan for diversification because as of now, most of the processing plants are in Mumbai and you are most concentrated towards them?

Mahendra Ananthula: So apart from the geographic thing, I mean, because apart from Mumbai, we also are present in the North, in Delhi NCR region and so on. What I think is that opportunities are here much more than some of the other regions. Although we are looking at a couple of business opportunities in the states of Tamil Nadu and Karnataka, but these are still early days because not much progress has happened as far as those tenders are concerned.

But geographically, we want to focus on western region, by and large. And in terms of projects, as I mentioned, that those waste to energy and vehicle scrapping facility, that is going to provide us a lot of derisking.

Amit Rajput: So is we having any other contract other than waste to energy and vehicle scrapping from municipal corporation for solid waste management or processing side?

Mahendra Ananthula: So in the municipal solid waste, I mean, apart from this, there is a bio CNG project that we are looking at. And then there are a couple of composting and MRF facility, but those sizes are smaller. So that's why we are focused more on the waste to energy and bio CNG to some extent.

Amit Rajput: And, sir, my final question is regarding your guidance for revenue and margins because in recent quarter, your margin has been hit by more than 50% because in quarter 2 FY '24, your PBT margins is around 16% and now it's standing at 8.4%.

Subramanian NG: Yes. So one of the main factors for the fall in our pretax margins is increase in interest and depreciation cost. So that is also predominantly because of the waste to energy being put to action. So before that it was under capital work-in-progress, right?

So once a plant is commissioned and put to work, the interest and depreciation cost comes in. And this was what we have already guided in the past. So the plan of the company is to reduce the debt, which is what we are doing, so that the conversion from EBITDA to pretax is significant sum which can help us roll out more business going forward.

Amit Rajput: So actually, your EBITDA margin has also seen some fall because in quarter 2 FY '24, EBITDA margin is standing at 24.6% and now it is 21.4%. Is there any sort of guidance which you wanted to give on the EBITDA side?

Subramanian NG: We stand by our previous guidance of 22% to 23% EBITDA margin for the financial year. So if you were to make those adjustments of escalations and revenue increase and everything, we would be looking at a 23% to 24% margin on a YTD basis. But the company stands with this guidance of around 23% EBITDA margin for financial year 2025.

Moderator: The next question from the line of Yogesh from Autumn.

Yogesh: Yes, sir, my first question is on the capex. So what would be the capex like for FY '25, '26 and '27?

Subramanian NG: So for FY '25, you're looking at a capex of around Rs.78 crores, which includes the newly bagged contract for the Collection and Transportation business. In FY '26, it will be around Rs.25 crores. And in FY '27, assuming we don't bag any contract, you will have a repeat capex of around Rs.25-odd crores related to Kanjurmarg and the waste-to-energy project. We don't see anything beyond that. Of course, this will change based on new project bids.

Yogesh: Sure. And the other one is on your debt reduction. So we have reduced some debt this year. So what would be the trajectory of debt in the next 2 years?

Subramanian NG: So to put into perspective, if the company doesn't bag any new contracts, and we are able to generate the kind of cash flows from our existing projects to the tune of around Rs.120 crores to Rs.130 crores, we would be debt free in 5 years period of time.

Yogesh: Okay. So by like FY '29, basically?

Subramanian NG: Yes, if we don't bag any new contracts.

Yogesh: Sure. And just one question on the current quarter. So if I look at the revenue from the Collection and Transportation, about Rs.141 crores we did. Last time, it was about Rs.152 crores, and this includes Rs.13 crores of escalation. So if I exclude that, there has been an increase, but the volume has increased by about 1%. So what is the difference coming from?

Subramanian NG: So you also need to remove close to Rs.9 crores of Mangalore revenues. So two things. One is the Rs.13 crores of revenue from escalation and the Rs.9 crores of revenue from Mangalore, which is absent in the current quarter. So you need to compare that. So on a apples to apples, the core operating revenue is up by around 9% adjusted for the Mangalore and escalation items.

Yogesh: Okay. Sure, that is helpful. And just last one question. As you discussed that you're looking to set up maybe a waste-to-energy plant at Kanjurmarg. So I know still it is on the drawing book. But just to understand, will it be like -- the size would be bigger than that at Chinchwad or like if something about that?

Mahendra Ananthula: Yes, it's going to be definitely much bigger than that. I mean because also Mumbai is a large city. And then so we are looking at -- as of now, as we speak, we are looking at three lines of 1,000 tons per day each, so about 3,000 tons per day of waste to energy is what we're looking at, which is about 4x that of the PCMC plant.

Yogesh: Sure. So like the Chinchwad is about 14 megawatts. So would it be -- it would be like about 3x that capacity?

Mahendra Ananthula: That's right. Yes, 4x, right? See, typically, in this, I mean, one should look at the intake capacity of the waste. So PCMC is, yes, 14 megawatts with 700 tons per day. This is about 3.5 to 4x is what I would say, yes.

Moderator: Next question is from the line of Pushkar Jain from Sequent Investments.

Pushkar Jain: Yes. So my question is regarding the sustainable revenue growth for next 2, 3 years and the sustained EBITDA margin you think is possible in the next 2, 3 years?

Subramanian NG: So we are confident of growing the core revenue growth by around 25% CAGR over the next 3 to 4 years based on the existing contracts and the project ramp-up that we have at the PCMC and the construction and demolition waste. Our margin profile should be steady of around 23% over the next 3 to 4 years if everything goes as per our scheduled plan.

Pushkar Jain: Right, sir. And on the debtor days, did I hear it correctly that it reduced from 112 to 72?

Subramanian NG: Yes, that is the collections made subsequent to the quarter end.

Pushkar Jain: So how is the steep fall, sir, if you can explain in the debtor days?

Subramanian NG: So the debtor days normally what happens is corporations release the payment after due diligence and records. So the bills are raised at the end of the quarter. The payment gets released anywhere between 20 to 35 days after the period ends. Since the reporting end dates are for accounting purposes also end of the quarter, that is why you see a lumpiness there and the realization happens during the quarter period.

Pushkar Jain: Okay. So but ourselves, like -- actually, the debtor days should be in the range of 75 to 85 like normally?

Subramanian NG: So normally, yes, it's always on the same lines, around 72 to 74 days is what my rolling DSOs are.

Moderator: The next question is from the line of Sujesh Choudhary from Sujesh Capital.

Sujesh Choudhary: Actually, I have 2 questions. What's your plan about new technology in waste management or in electrical e-waste product?

Subramanian NG: So as we had mentioned in the previous earnings calls, I mean, we have prioritized in terms of what are the segments in circular economy field that we want to diversify into. So to start with, we are focused more on the vehicle scrapping and tire scrapping facility.

Sujesh Choudhary: You are not in the focus of e-waste like battery or in the field of...

Jose Jacob: Yes. So e-waste, we are exploring. The market has not reached a size, but we are exploring. We have been doing research on it. I think in future, we'll come up with e-waste too.

Sujesh Choudhary: And are you planning for the private company's capex also, like last time you have said about the bottle waste management, something?

Subramanian NG: Can you repeat the question?

Sujesh Choudhary: I'm asking you, are you looking for the -- not only in the government, but also in the private sector also?

Jose Jacob: So basically, this municipal solid waste management is collected from all household and hotel by the municipal corporation. So it is controlled by the municipal corporation, about 80% to 90%. And in the smaller town, it is the panchayat. So it is not like we can just go and collect everywhere.

At present, that size of the market, what you're talking is very small. So we are focusing on the larger size market.

Sujesh Choudhary: So are you planning to expand in other country also or only focus in India right now in terms of waste management.

Jose Jacob: Market is pretty good and big, and we are not -- there's a huge opportunity in pan-India...

Mahendra Ananthula: There are some inquiries from the Middle East, okay? But we are very clear that we would like to work there only if it comes without any investment. And our contribution will essentially be more of knowledge and mindware.

Sujesh Choudhary: And right now, are you planning for something like raising money from market or something?

Subramanian NG: Currently, the kind of debt profile that we have and the financial flexibility that is more than adequate to meet our existing requirements and even the proposed capital requirements in that existing line of business. We will definitely reach out to the market if opportunity increases and there is something which can be banked on.

Sujesh Choudhary: Okay. So -- and you are planning in the like South India like Tamil Nadu and Andhra Pradesh that you mentioned. So are you bidding for the contracts right now or the contract is still going to be happening?

Subramanian NG: So the risk management committee at Antony reviews all the proposals that's being given out, and we have definitely reviewed the projects in the southern part of the country. The management is definitely looking at those opportunities. And if it meets our equity and cash equity IRR thresholds, we will be bidding for the same.

Moderator: The next question is from the line of Chandan Mishra from Finvestors.

Chandan Mishra: Sir, my first question is related to the projects. You have currently 24 running projects. So what is the completion period for that?

Subramanian NG: So the existing projects have a timeline of around -- the waste processing projects have a timeline of around 2042. And the collection transportation projects average exit period would be till 2029.

Chandan Mishra: My next question is regarding guidance. Actually, I've joined late, so I missed some part. Would you please provide me guidance for next year, sir, and this year end?

Subramanian NG: So we are confident of growing our company with a CAGR -- core revenue growth of around 25% over the next 3 to 5 years. And the EBITDA margins will be sustained around 23% to 24% from the existing projects that we have.

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

Bhavya Gandhi: Just wanted to know in terms of ROCE ranking, if you can provide which project gives us the best-in-class ROCE, if you can give the pecking order...

Subramanian NG: So ROCE will inch up from now onwards, given the fact that most of the capital phase has been over. So the denominator is almost going to stagnate going forward, but for the waste collection and transportation capex that we have incurred. So we see our ROCE expand from Q4 of '25 onwards, and that should average at least 75 to 120 bps from the levels that we have achieved now.

Bhavya Gandhi: I meant if you can give a project-wise pecking order of ROCE, whether it's waste to energy...

Subramanian NG: No, I don’t think we would like to discuss the return metrics project-wise because it's a bit of a business-centric proposition here.

Bhavya Gandhi: Only if you can just mention the pecking order, if you can mention the absolute number that’s fine

Subramanian NG: So I mean, collection and transportation definitely gives a better ROCE because the capital employed is not as high as a waste to energy or a waste processing project. So the priority for ROCE per se would be collection transportation where the capex is provided by the corporation, followed by collection and transportation where the capex is funded by the company. And third, in that order would be waste processing contracts. But the nature of the business are very different. The longevity, the stickiness and the annuity modes are -- also needs to be considered when we are looking at the contracts that we bid for.

Bhavya Gandhi: Right. And in terms of cash IRR also the pecking order be same?

Subramanian NG: No, that will be different because the ratios will be different. The clientele receivables are also different. So the cash -- in the Ethiopian environment, I think, yes, the pecking order would remain the same because zero capex, better IRRs, few capex, slightly lower than better IRRs and son on. But we prefer a long-term visibility to revenue, a stable work environment and a counterparty risk, which can be addressed and banked down.

Bhavya Gandhi: Right. Sir, I just -- because in the PPT, you mentioned that we evaluate each and every project. So what is the desired cash IRR target that we look internally for any project, a bare minimum, what would be the number?

Subramanian NG: I mean these are very dynamic in nature given the needs and our proximity and the project aspects. But normally, the basic threshold will be at least a delta over the cost of borrowing that we have. And since we are in an infrastructure business, the cost of borrowing is anywhere between 9.5% to 11.5% depending upon the risk of the project and the execution of the same.

Moderator: Next question is from the line of Prakash Kapadia from Spark PMS.

Prakash Kapadia: Would you have the volume tonnage of the C&T and the processing business handy?

Subramanian NG: Sorry, can you -- you are asking about C&T or... C&D?

Prakash Kapadia: C&T and the MSW processing, the volume for the quarter or the first half, whatever is handy with you?

Management: So it was around point -- Are you asking for this year's or this quarter?

Prakash Kapadia: Yes, yes. Quarterly.

Mahendra Ananthula: Quarter, we did about 1.19 million tons. Yes, sorry, in the C&T segment, the Collection and Transportation segment, we did about 0.49 million tons in this quarter.

Prakash Kapadia: And the MSW processing?

Mahendra Ananthula: Processing is 0.70 million.

Prakash Kapadia: And would you have some first half number?

Mahendra Ananthula: So basically, quarter 2 in C&T, we did about 9 for the year-on-year growth. I think we'll get back to you.

Prakash Kapadia: And you mentioned you seem pretty confident of 22% to 23% EBITDA and the core revenue growth being almost 25%. So what gives you that visibility for second half?

Subramanian NG: So when we mentioned 25%, that's a CAGR growth over the next 3 to 5 years. It's not for the second half, one. Second is our second quarter normally sees a spike in our repairs and maintenance costs. Bulk of our collection and transportation projects are entering in the fourth year of their operation, which normally sees a significant repairs and maintenance cost coming in. So we have incurred a large amount of investment cost during the second quarter for the upkeep of those collection and transportation assets, which kind of gives us a longer payback over the next 3 to 4 years of the project life.

So that kind of -- that is a philosophy of Antony Waste, where we kind of do our entire repairs and maintenance. We don't capitalize them. We kind of opex repairs and maintenance costs, and we do it during the mid of the project life so that the benefit is available for the balance life of the project. The confidence that we get how we are providing for the guidance is basically because the collection and transportation and the waste processing are long-term contracts with the tonnage growth, which is there for us.

We exited the June quarter with an order book of around Rs.8,300 crores to be spread over the next 12 to 14 years. So that kind of has a fixed revenue visibility for us without the escalation kicking in. So that kind of gives us the comfort on giving you the guidance. The positive for us is the ramp-up of CIDCO biomining, which is expected in second half and the construction and demolition waste, which is yet to deliver those numbers. So the base effect will help us deliver those numbers.

Moderator: The next question is from the line of Pushkar Jain from Sequent Investment.

Pushkar Jain: So actually, I missed on the ROCE question. So what do you think is our steady-state ROCE? Like we expect a steady state ROCE from here on as most of the capex is done?

Subramanian NG: So we should be in low to mid-teens going forward because our denominator is going to be much higher than what it was historically. So anywhere between 11% to 14% over the next project rollouts should be our comfort zone, I would say.

Moderator: The next question is from the line of Harish Swaminathan, who is an individual investor.

Harish Swaminathan: My first question is on the Mangalore project. Have you received the full money from them now that we have discontinued operations?

Subramanian NG: We have received 70% of the total outstanding. The balance will be received over the next 15 months.

Harish Swaminathan: Okay. And secondly, can you mention the potential of the Click-to-clean initiative? How much do we get from that initiative now? And how big is that?

Subramanian NG: So this has really got the traction. We have been able to work with a few large developers. We have got a large order from the Runwal Group to start on the Click-to-clean business. So it has got a good traction. We will be able to give you better numbers by March end when the long-term contracts are signed up and we have a revenue visibility at that end.

Harish Swaminathan: Okay. On the Chennai project, can you mention likelihood of us getting it?

Subramanian NG: The Chennai contract, there's a significant risk, the counterparty risk because the buyer of the power and the recipient and the payment would be from the TNEB, which a lot of bankers are not making it bankable. So that is a contract that we will not be able to go ahead given the significant counterparty risk. And so currently, for the waste to energy in Chennai, we will give it a miss. But we are exploring other projects with the Municipal Corporation over there.

Harish Swaminathan: Okay. And my last question is, is there a likelihood -- I mean, it is just an open thought in my mind that we look at something like a QIP, not at current price levels, but at whatever comfortable price levels to strategic people, not bankers or not investment firms, but global firms like Waste Management, Inc. or global waste management companies so that we also benefit out of their technological alliance or partnership and our perception also goes up, and we can solve our debt issue without waiting for 5 years with no orders.

As you said, because ours is a running business. So it is just a thought. I'm sure you are better equipped to handle these things. But this is just an open thought in my mind. If you would like to comment now or you can choose to just receive my suggestion.

Jose Jacob: Yes. So we have not specifically thought about any QIP with any strategic players in the current business; however, we are open to the idea of tying up for the new segment that we are trying to get into, which is our tire recycling or going forward, if we get into e-waste or plastic for the same. So for that strategic tie-up with some of the global majors or technology suppliers or operators is something that we would be looking forward to.

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

Bhavya Gandhi: Yes. You mentioned about the ROCE...

Moderator: Sorry to interrupt you sir, could you come a bit close to your handset?

Bhavya Gandhi: Yes. You mentioned about the steady-state ROCE in the low to mid-teens, 11% to 14%. So if you can just throw some light on the ROE front because ROCE, I mean, if the cost of borrowing is closer to 9.5%, which even goes up to 11-odd percent. So 14%, isn't it too low ROCE with the level of risk -- later risk that we have in the business. So if you can throw some light on the ROE as well, steady-state ROE...

Subramanian NG: On the ROE part, given the fact that the net worth is keep on increasing because we currently are not looking at issuing dividends, which is one of the ways of reducing our equity base. So we will see our ROE being in single digits for some time. ROCE is mainly a factor of the kind of capital that we are raising and the long-term duration of the construction phase.

If you were to look at waste processing contracts, they normally take anywhere between 24 to 36 months for the construction phase, and they really are high in capital and the balance sheet really gets added up by 25% to 30% at each time a new waste to energy or a waste processing contract comes in, while the revenue and EBITDA contribution is over the next 20 years, which kind of really gives us a juggle on growth rate.

So the ROCE, though you are saying is right, but from a waste processing and long-term annuity model, it's like any other infrastructure road sector kind of a company, that ROCE is large upfront and then kind of comes down on the capital...

Bhavya Gandhi: Right. Even if you take the average ROE, what would that number be from there, if you can just throw some light on that?

Subramanian NG: We would be looking at around 8% as has been a historical averages. It was as high as 14%, but that was on a lower equity base. As and when we go with the corporate restructuring and changes that's likely to initiate over the next couple of years, we would see an internal hurdle rate of around at least high teens to start with. I mean that is something that we have as a goalpost, but it's going to be at least a 7- to 8-year kind of a work in progress for us.

Bhavya Gandhi: I mean the number looks really low when it comes to ROE as well, the level of risk that we have in the business. I mean, is it the reason that a lot of people don't bid for such kind of processing long-term contract? Or is it to do with the difficulty of this business? Or -- I mean if you can throw some light on this as well.

Subramanian NG: It's a combination of both. Most of the projects in the waste management requires a significant debt-to-equity ratio. It's like 70-30 kind of a debt-equity ratio that you need to bid for those projects. So that is why you are seeing a large equity component being invested in these kind of entities. Collection and transportation, normally, you can get away with around 90%, 95% debt equity kind of a number.

But the C&D business is a low barbell kind of a thing, so you can execute multiple of them. But when we are talking about waste processing, the equity is a daunting number, which kind of doesn't allow a large number of players to enter the business. And also, there is a significant counterparty risk, which is something which doesn't allow a lot of players to get into the base.

Bhavya Gandhi: So ideally speaking, summing up everything, isn't C&T project the best format to work with...

Subramanian NG: That is true because if you look at our revenue profile, in the past, it was close to 70-30, 70 being C&T and 30 being waste processing. That has moved towards 60-40 now for us. And that is also primarily because the margin profile is also different in C&T versus processing. The C&T margin profile keeps on a downward trajectory over the project life because of higher repairs and maintenance, and you are working with a multiple bouquet of clients, which have a varied risk profile. While in case of waste processing, you work with a few clients and the risk profile is much more evenly spread out based on your selection criteria.

Jose Jacob: The numbers, I mean, one has to also look at the entry barriers and where we can have a differentiation. So when it comes to collection and transportation, today, I mean, depending on the size, I mean, even a regional player can compete against you, right? Because then it just boils down to the price. Whereas in the case of processing, I mean, it's actually much more technologically advanced.

So the chances of smaller players getting in are extremely low. People have tried in the past, but they figured out that it's a different ball game. So that's why in the balance of things, I mean, I think it's -- we're supposed to have a balanced portfolio, a combination of C&T and processing project for long-term sustainability.

Moderator: The next question is from the line of Rishi from Greenco Securities. Please go ahead. As there is no response from the participant, ladies and gentlemen, due to time constraints, we have reached the end of our Q&A session. I now hand the conference over to Mr. Jose Jacob for closing comments.

Jose Jacob: I wish to convey my heartfelt gratitude to our committed team whose tireless efforts have played a pivotal role in accomplishing our goals. We are continuously building on our capabilities to enhance our operational efficiency and service delivery. Our unwavering focus remains on delivering consistent operational and financial performance while creating long-term value for our shareholders.

By investing in innovation and leveraging our expertise, we aim to strengthen our position in the market and drive sustainable growth for the future. I'm optimistic that our path towards a cleaner and greener future will be marked by continued success. Thank you, and happy and prosperous New Year.

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