

UNLOCKING CAPITAL FOR AFR UNDER THE NEW CSR ACT



2nd International Conference on Enhanced Usage of Alternate
Fuels & Raw Materials in Cement Industry

NextGen - The Company

Key Highlights

1. India's Leading CSR & Sustainability Management Company
2. Fortune 500 clients, 16 sectors, 50+ Active Clients
3. Responsible for INR 750 crore of CSR Capital annually
4. Developed "p3"- India's first CSR & Sustainability Management IT Platform with Mindtree
5. India's first & only VC funded firm in this sector; Incubated previously at IIM-Bangalore & BITS-Pilani
6. Recognized as :
 1. Forbes 30 under 30 in 2014
 2. CNBC TV-18 Young Turks in 2013

Founding Team



Abhishek Humbad

-B.E. (Hons) BITS-Pilani;
MBA- IIM-Bangalore



Richa Bajpai

-B.E.(Hons) Rajasthan Univ.
-MPWE - IIM-Bangalore

Total Team Size of 50 (including domain and technology groups)

Board of Directors



Phanindra Sama
-Founder, Redbus.in



Bijou Kurien
-Former President(Lifestyle), Reliance Retail

Clients and Partners

Some of Our Clients



Partners



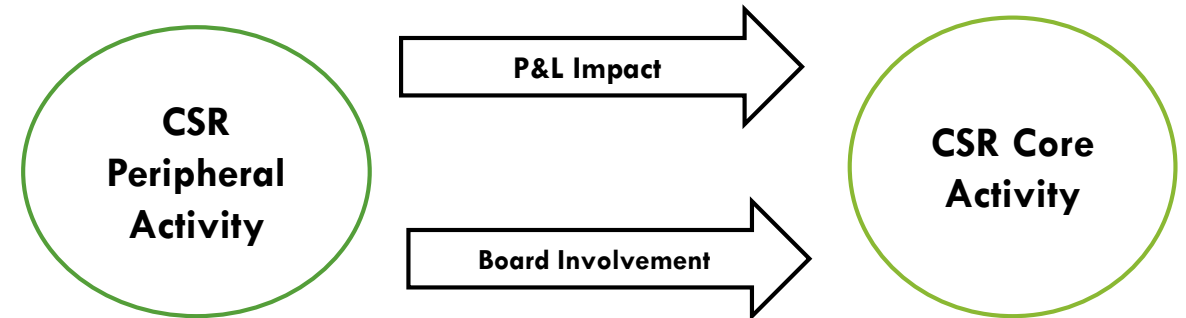
Section 135 – Key Applicability and Implications

Applicability

- Applies to companies with
 - revenues more than 1000 Cr
 - net worth more than 500 Cr or
 - profit more than 5 Cr

Implication

- 20,000 Cr of CSR capital generated
- 10x to 20x increase in CSR capital for companies



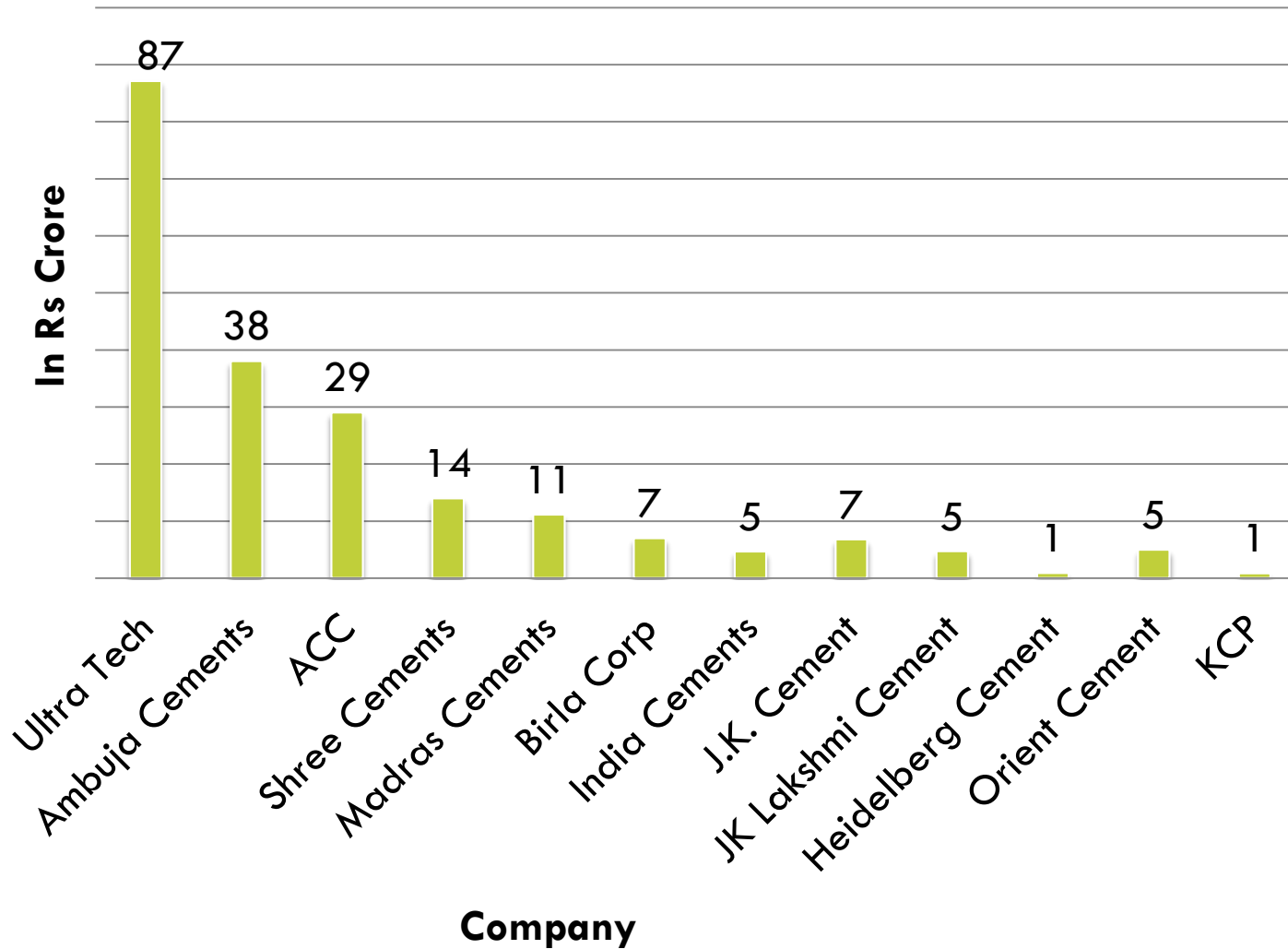
An estimated **16,000 companies** fall into this “mandatory” CSR-reporting category

INR 20,000 Cr **Capital Generated by Section-135 annually**
(incl. listed & unlisted companies)

If CSR Funds are used effectively, then it can transform sectors completely

CSR and Cement Sector

Estimated mandatory CSR spend ~ INR 250 Cr



Current Areas of CSR Spend



Current Problems for Environment Sustainability Projects

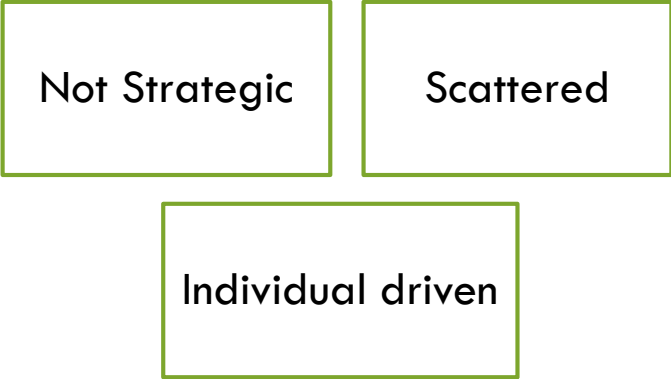
Barriers to Environmental Sustainability Projects

- Economic Feasibility**
 - Environmental sustainability projects not “ROI” attractive
- Lack of Scale**
 - Higher costs due to lack of scale
- Lack of Ecosystem**
 - No certainty in quality, quantity or price due to lack of ecosystem

Need

Create economic viability for environment sustainability projects which will lead to scale and creation of ecosystem

Current CSR Spend by Cement Industry



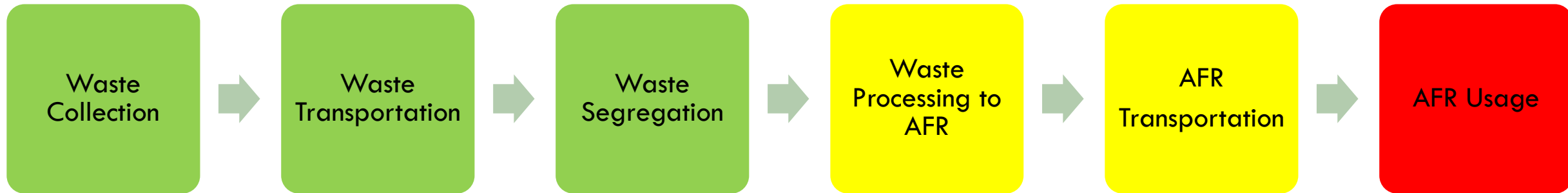
Opportunity

To channelize CSR capital towards environmental sustainability projects and attain economic feasibility

NextGen carried out a study on creating economic viability for AFR use in the Cement Sector through CSR.
Institute for Industrial Productivity (IIP) supported the study

Channelizing CSR capital of Cement Companies for AFR

AFR Utilization Process



- ✓ CSR Capital cross subsidizes cost of AFR
- ✓ New Draft ICAI Guidelines also allow for AFR Usage as CSR
- ✓ CSR capital to lead to initial scale and ecosystem. Economies of scale to drive down cost in future

Definitely can be qualified as CSR



Some part can be qualified as CSR



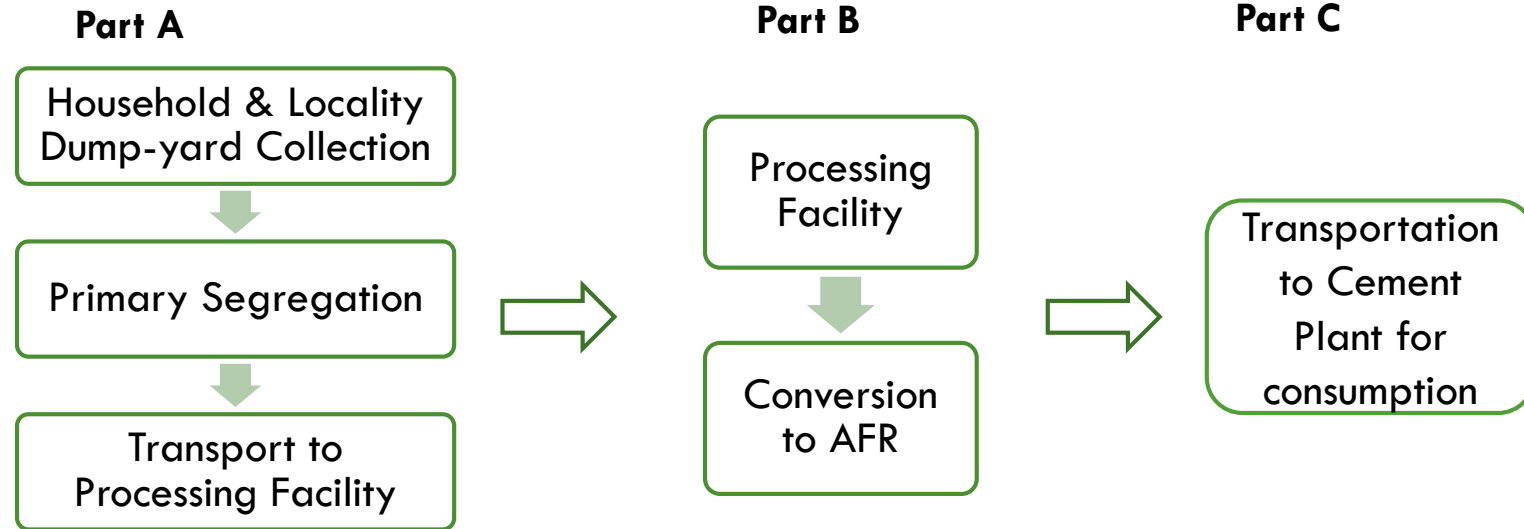
Definitely not CSR



AFR Utilization: Sample Model

- ✓ NextGen studied a model of Sarthak (NGO) in Bhopal
- ✓ Sarthak collects MSW through rag pickers and processes into AFR
- ✓ Local waste-pickers are the primary beneficiaries
- ✓ Most tax efficient model. However private companies can also operate on this model

Sarthak Model and Finances



Stage	Description	Total Cost to Sarthak
A	Completely carried out by Sarthak through Waste pickers	Rs. 5/Kg (85%)
B	Completely carried out by Sarthak	Rs. 1-1.5/Kg (15%)
C	Handled by local Municipal Bodies & respective Cement Companies	-
Total AFR Selling Price to Cement Companies		Rs. 5.5/Kg (100%)

Compliance to Section-135, Companies Act 2013 (CSR Law)

Section 135: Schedule VII

Eradicating Hunger, Poverty and Malnutrition	Promoting Preventive Healthcare and Sanitation	Make Available Safe Drinking Water	Promoting education
Special education and vocational training especially among children, women, elderly and differently abled	Livelihood Enhancement Projects	Promoting Gender Equality	Empowering Women
Setting up homes and hostels for women and orphans	Setting up Oldage homes, day care centers and such other facilities for senior citizens	Measures for reducing inequalities faced by the socially and economically backward groups	Ensuring environmental sustainability, ecological balance

 Indicators applicable for project

- ✓ The primary factor for compliance is **ensuring environmental sustainability** through managing urban solid waste
- ✓ Use of AFR can ensure steady income for local waste pickers involved in the process, hence **enhancing their livelihood**
- ✓ These waste pickers usually belong to socially backward groups; use of AFR can thus **reduce social inequality**

Swachh Bharat, AFR & CSR



“

It is our social responsibility as citizens of India to help fulfill Gandhiji's vision of Clean India, by his 150th birth anniversary in 2019. Sanitation should be connected to patriotism and commitment to public health. If we make it a public movement, we can make our country being counted as one among the cleanest nations. ”

- **PM Narendra Modi**

“

Urban solid waste should be reduced, recycled and reused by converting waste into energy and fertilizers as it offers immense opportunities of converting trash into cash. ”

- **Venkaiah Naidu, Urban Development Minister**

Overview

- ✓ Launched on Oct 2nd 2014 by Hon'ble. PM Shri Narendra Modi
- ✓ Govt. to cover 4041 statutory towns and plans to clean the streets, roads and infrastructure of the country
- ✓ Can be an effective platform for Cement Sector to take up Waste Management initiatives

Linkage to CSR

- ✓ Contribution to **Swachh Bharat Kosh** - now under the ambit of CSR
- ✓ Government of India to contribute Rs. 14, 623 Cr*. To solid waste management as part of the mission; 20% viability gap funding to be available under PPP mode

*3rd National Conference on Waste to Wealth: The Action Agenda, New Delhi, ASSOCHAM, 3rd Feb 2015



Thankyou

Abhishek Humbad

abhishek.humbad@nextgenpms.com