Antony Waste Handling Cell Limited
CIN: L90001MH2001PLC130485

ANTONY WASTE HANDLING CELL LTD
25 YEARS
EXCELLENCE IN WASTE MANAGEMENT
SINCE 2001

Ref.: AW/COMP/SE/2026-27/45 **Date: August 17, 2026**

To,	**To,**
Listing Department	**Listing Department**
BSE Limited	**National Stock Exchange of India Limited**
Phiroze Jeejeebhoy Towers	Exchange Plaza, Plot No. C-1,
Dalal Street, Fort	Block G, Bandra-Kurla Complex,
Mumbai – 400001	Bandra (E), Mumbai - 400051
Scrip *Code: 543254*	***Symbol: AWHCL***

Dear Madam/Sir,

Sub : Transcript of Earnings call held on Tuesday, August 11, 2026
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/COMP/SE/2026-27/37 dated August 06, 2026- regarding Intimation of Earnings Call and AW/COMP/SE/2026-27/43 dated August 11, 2026 - regarding Uploading of Audio Recording of Earnings Call, please find enclosed the transcript of the discussion held during the said Earnings Call held on August 11, 2026, at 2:30 pm (IST) w.r.t. discussion of operational and financial performance for Q1FY27 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

HARSHADA PRADEEP RANE Digitally signed by HARSHADA PRADEEP RANE Date: 2026.08.17 20:03:35 +05'30'

HARSHADA RANE
COMPANY SECRETARY & COMPLIANCE OFFICER
A34268

Enc. a/a

"Antony Waste Handling Cell Limited
Q1 FY27 Earnings Conference Call"
August 11, 2026

MANAGEMENT: **MR. JOSE JACOB – CHAIRMAN AND MANAGING DIRECTOR – ANTONY WASTE HANDLING CELL LIMITED**
MR. MAHENDRA ANANTHULA – GROUP PRESIDENT, OPERATIONS, BUSINESS DEVELOPMENT AND 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 Antony Waste Handling Cell Limited Q1 FY27 Conference Call. This conference call may contain forward-looking statements about the company, which are based on beliefs, opinions and expectations of the company as on date of this call. These statements are not the guarantee of future performance and involve risks and uncertainties that are difficult to predict.

As a reminder, all participants lines will be listened only more and there will be an opportunity for you to ask questions after the presentation concludes. Should you need assistance during this conference call, please signal an operator by pressing star then zero on your touchtone phone. Please note that this conference is being recorded.

I now hand over the call 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, everyone, and thank you for joining us for our Q1 FY27 earnings conference call. With me, I have Mr. Mahendra Ananthula, our Group President, Operations, Business Development and Diversification; Mr. Subramanian, our Group CFO; and SGA, our Investor Relations Advisors.

Our investor presentation for Q1 FY27 is available on the stock exchange and on our company's website. Before discussing our business performance, I want to address the tragic incident at our Waste-to-Energy facility in PCMC.

On July 8, the region received exceptionally heavy rainfall of approximately 650 mm, well above anything recorded historically in the area. During this event, a mound of legacy waste at the dumping site adjacent to our facility collapsed onto the company's administrative building. Twenty three individuals were present at the time. The rescue operation began immediately and fourteen people were safely rescued. Tragically, nine individuals lost their lives.

Our focus from Day 1 has been on standing by the affected families. The company is bearing all medical and counsel expenses for the injured, providing financial assistance of ₹ 40 lakh to each affected family and covering all funeral-related expenses. We are offering employment to immediate family members of the deceased, supporting the education of their minor children and providing dedicated assistance in navigating medical insurance and statutory claims.

This support will continue for as long as it's needed. Those who lost were not merely employees. They were valued members of our extended family and our thoughts remain with their loved ones. I want to be clear on the fact the waste mound involved was legacy waste located outside the area allocated to the company by the Corporation and its remediation was not part of our contractual scope of work.

On operations, as a precautionary measure, we temporarily suspended activity at the WtE plant pending a full structural and safety assessment. Municipal waste Collection and Transportation were unaffected throughout.

MRF and composing operation resumed from July 28 and WtE operation will restart only after thorough review and certification by our OEMs and Hitachi. We continue to cooperate fully with all concerned authorities.

Today, with more than a month on, we pause to remember the nine colleagues we lost. The work they did, the people they were and the family who carry this loss every day. We have stayed close to those families through this period, and we will continue to.

As we remember, we also renew our commitment to one another. Nothing matters more than every person who comes to work returning home safely. Safety isn't a set of rules on wall. It's how we look out for each other every day. We owe that to the colleagues we lost, to their families and to each other.

Turning now to the key highlights of the quarter. Our business performance, we delivered healthy year-on-year revenue growth of 6%, reaching ₹ 269 crores, driven by higher volumes across our project sites and supported by contractual tariff linked escalation.

On the balance sheet side, during the quarter we successfully refinanced the term loan of Antony Lara Renewable Energy Private Limited, our material subsidiary operating the WtE facility in PCMC. This refinancing brought the interest rate down from 10.25% to 8.25% per annum, a meaningful reduction that will support our cost of capital going forward.

I'm also pleased to share a significant business win. We secured a new contract from the Greater Noida Industrial Development Authority for the procurement and comprehensive O&M of electrical mechanical road sweeping machines, which is across Greater Noida East zone. This is a ₹ 243 crores project over 5 years with a further 2-year extension option. Expected to commence in Q3 FY27 and contribute approximately ₹ 46 crores in revenue in its first year.

The project involves deploying 16 electric sweepers along with supporting infrastructure and manpower covering approximately 640 kilometers of roads daily, further strengthening our footprint in sustainable urban waste management.

Looking ahead, our focus remains on expanding processing infrastructure, enhance profitability and strengthening our presence in high-growth emerging sector. Backed by a strong operational and financial foundation, we are well positioned to meet the evolving needs of urban India. As the nation accelerates its transition towards sustainability and circular economy, we are fully prepared to deliver solutions that are practical, scalable and outcome-oriented driving long-term value for all our stakeholders.

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

Mahendra Ananthula: Thank you, Jose. I would like to walk you through the operational performance of Antony Waste Handling Cell Limited for the quarter. Starting with volumes. Our Collection and Transportation operations handled approximately 0.55 million tons of waste, while our processing facilities managed around 0.85 million tons of municipal solid waste, reflecting year-on-year growth of 6% and 5%, respectively. Total tonnage for Q1FY27 came in at approximately 1.4 million tons, a 5% increase over the previous year.

On the revenue side, our C&T business delivered healthy growth with revenue up by 10% year-on-year to ₹ 156 crores, while the processing segment grew 3% year-on-year to ₹ 75 crores. The operations continue to demonstrate resilience and consistency across segments. The Waste-to-Energy plant at PCMC generated over 20 million green units during the quarter, helping us avoid approximately 2,782 tons of CO2 equivalent emissions, a tangible contribution to India's renewable energy goals and to reducing our own carbon footprint.

Our construction and demolition waste recycling facility continued to operate efficiently, achieving an industry-leading recycling rate of 96%, reinforcing our commitment to circular economy practices. The consistent performance across facilities reflects our broader focus on building scalable, sustainable infrastructure.

Turning to resource recovery. RDF sales stood at approximately 40,000 tons, down around 28% year-on-year. This is not directly comparable to Q1FY26 which has benefited from a meaningful contribution from the CIDCO bio-mining project now completed. Compost sales remained broadly stable at approximately 6,000 tons.

On ESG, we continue to make tangible progress against our sustainability road map. Scope 1 and Scope 2 emissions for the quarter stood at approximately 6,601 tons and 835 tons of CO2 equivalent, respectively, while avoided emissions were estimated at approximately 2,782 tons, reflecting our continued focus on resource efficiency and carbon reduction.

Looking ahead, we remain focused on embedding sustainability deeper into our operations, enhancing waste recovery efficiency and driving process improvements through automation and innovation. Backed by a strong execution track record and a technology-driven approach, we are confident of not just meeting but exceeding, evolving environmental standards. and continuing to set new benchmarks in responsible waste management.

Thank you. And I now hand over the call to N.G. for financial highlights.

N.G. Subramanian: Good afternoon, everyone, and thank you for joining us. Let me take you through the consolidated financial performance for Q1 FY27. Our total operating revenue grew a steady 6% year-on-year to ₹ 269 crores, as mentioned by Jose, reflecting the resilience of our underlying business even as we navigated a challenging cost environment during the quarter.

On revenue mix, Collection and Transportation contributed 62%, MSW processing was 28%, other operating income 7%, contracts & others, the remaining 3%. This compares against the 60%, 28%, 9% and 3%, respectively, in Q1 FY26. The shift reflects the growing rate of our C&T

business and our diversified revenue streams continue to give us strategic flexibility and position the company for sustained long-term growth.

Turning to profitability. I want to be direct with you on this quarter's numbers. The EBITDA came in at ₹ 45 crores, which is down 27% year-on-year and 33% sequentially with EBITDA margin at 16.8% compared to 24.4% in Q1 FY26 and 22.8% in Q4 FY26.

This compression was driven by 3 factors, higher operating expenses, which included vehicle hiring and transportation costs at the CIDCO plant, employee costs, which rose 18% year-on-year and now represents 34% of our revenue versus 30% a year ago and the deferral of certain Q4 FY26 waste disposal transformation activities into this quarter, which added an incremental expense of approximately ₹10 crores.

Finance costs also rose 35% year-on-year, reflecting higher debt base ahead of our refinancing. These pressures flow through to the bottom line. PAT for the quarter stood at ₹ 0.7 crores, down sharply from ₹23 crores in the same period last year, further impacted by a one-time expense of ₹7 crores related to the prepayment of the Antony Lara Renewable Energy term loan.

This was a deliberate strategic move. The refinancing reduced the interest rate by 200 bps from 10.25% to 8.25%, and we expect it to deliver recurring interest savings and support stronger cash flow generation from the WtE facility going forward. We view this quarter's profitability as transitional rather than the structural thing given the one-off nature of both the transportation cost deferral and the refinancing charge.

On the balance sheet, as of June 2026, gross debt stood at approximately ₹435 crores with cash and bank balances of around ₹111 crores, translating to a net debt of approximately ₹324 crores and a net debt-to-equity ratio of 0.4x.

Our weighted average cost of debt stood at approximately 10.1%, a figure we expect to trend lower as Lara Renewable refinancing benefit fully reflects going forward. The DSOs remained stable at 114 days, underscoring the disciplined working capital management even through a cost heavy quarter.

Before I move on, I would like to flag one separate item for the benefit of everyone on the call. As some of you may be aware, we experienced a force majeure event at our WtE project in PCMC caused by extreme monsoon conditions this year. This has resulted in damage to a portion of the project assets. I want to clarify that this does not impact our core operating assets.

Based on our current assessment, we expect an impairment charge in the range of around ₹ 22 crores to ₹ 24 crores, which we will treat as an exceptional extraordinary item separate from our core operating performance.

I would also like to note that this estimate does not yet factor any recovery we expect from insurance claims, which could offset part of this impact. I want to be transparent and that this situation is still evolving and more details will be captured in our Q2 results, along with any further clarity that emerges.

In total, the top line momentum remains intact. This quarter's margin pressure was driven by identifiable largely non-recurring items and the refinancing action we have taken strengthens our cost of capital and cash flow profile heading into the rest of FY27.

This concludes our remarks. We would now like to open the floor for Q&A. Thank you.

Moderator: Thank you very much. We will now begin the question-and-answer session. The first question is from the line of Ronak Shah from Equirus Securities.

Ronak Shah: Sir, first of all it was saddened to hear about the unfortunate event. Sir, my question is regarding to the Waste-to-Energy operation. So, into the results highlight wherein you have mentioned currently the operation are under the regulatory review. So, from that context, what is the status? And considering it is a high return churning and high-margin business what can be the near-term impact in terms of the Waste-to-Energy revenue? That was my first question.

N.G. Subramanian: On the WtE part, there are 2 operations that are undergoing. The material recovery and composting section has already started operations from 28th of July. We have started processing around 400 tons of waste a day.

The WtE plant is expected back by first week of October. During this period, the fixed cost incurred would be in the range of around ₹2.5 crores to ₹3 crore per month for us. So that's like around ₹7 crore will be sitting on our books of accounts. The revenue will start technically from first week or second week of October for us on a full stream basis.

Ronak Shah: Okay. So, the tipping fee part will be continued, but the power generation and sale part will see some hampering. This is the broader understanding that I got?

N.G. Subramanian: That's correct.

Ronak Shah: Okay. Secondly, from the processing business, if we see the current quarter has seen some moderation in terms of the revenue growth. So, can you highlight the core any specific one-off or specific reason for that?

And secondly, when you're calling out inflationary trend which are hampering the current profitability from the Q2 and Q3 perspective, considering current high crude, crude derivative related prices, secondly, the wage hikes which we have seen, how the near-term profitability going to see trajectory in terms of numbers?

N.G. Subramanian: So, to answer the first part on the softening processing volumes, that's mainly because of CIDCO bio-mining contract got over in the last quarter. This was a very specific 2-year project where we were supposed to bio-mine a particular tract of land and that got over. So that is why we are seeing a moderation in the processing content in Q1.

Going forward with the Atkoli Project up and running by Q4 of the current financial year, we will be back on the growth trajectory. On the margin profile, we have seen certain cost pressure mainly because of transportation and hiring related items. We expect those margin profile to slightly improve going forward. It will not be as bad as what we have encountered in Q1. We'll see some respite coming in because of re-negotiation on the terms with the transport entities.

On the labour front, yes, I mean that is something that has happened recently, we got a new Maharashtra state government revision in DA rates. So, there will be a timing issue of the cost pressure due to the labour front. But since bulk of our projects has got escalations linked in, we see some respite going maybe in the second half of the current financial year.

Ronak Shah: Okay. So, on a long-term guidance wherein we are likely to post around 22% to 24% sort of EBITDA margin. But from the FY27 perspective, could it be below 20-odd percent considering all these macro factors?

N.G. Subramanian: On the processing side, we don't see a lot of pressure coming in. On the Collection and Transport business, yes, because of higher repairs and maintenance costs and a few of our contracts getting old, we see some margin pressure coming in.

Having said that, FY27 still has certain upticks mainly because our BMC contract will start from the third quarter onwards. So that has a slightly better margin profile. Our Atkoli capex reimburse will also come in by Q4. That has a higher margin profile. So, the internal threshold should be to go back to our historical margin trend, but yes, it can be a plus or minus a quarter here and there.

Ronak Shah: Okay. So, in terms of the balance sheet, we have refinanced the loan. So can you highlight the quantum of that? And secondly, there is some ₹15-odd crores sort of receivable, which we have got a favorable judgement from the court. So what is the timeline for that in terms of the receivables?

N.G. Subramanian: So, total amount that got refinanced is around ₹140-odd crores at the Lara Renewables end. That is the quantum of that is getting restated at a lower cost. And on the ₹15 crores amount, the amount is still pending. The Corporation is working and they will get back to us shortly.

Ronak Shah: Okay. And sir, lastly, on the Andhra project, so what is the status on the Andhra project? And secondly, in terms of the C&D, how it is progressing considering current monsoon related some disruption?

Mahendra Ananthula: So on the Andhra project, we have got possession of land at both the sites Kadapa as well as Kurnool. As we had indicated in our earlier calls, the technology and the EPC contractor JFE India has already completed the civil designs. We have also appointed the civil contractor and the civil contractor has mobilized its equipment in Kadapa. Kurnool should happen in the next couple of weeks.

So things are going as per schedule. I think NG has already brief to you earlier about the financial closure, which is also almost at the last stage. So we are confident of completing these projects as per schedule.

Ronak Shah: Okay. And in terms of the C&D operation, how it is progressing right now?

Mahendra Ananthula: C&D actually has recovered. I mean BMC came up with 2 policy decisions, which ensured that all the large builders start sending part of their construction demolition waste to the processing plant, which means that it became mandatory on their part, on the builders part to get their waste processed.

So that has really helped us in achieving the tonnages that was a problem in the initial year. Now we are getting close to 600 to 650 tons per day, and we have a capacity of 600 tons per day, plus or minus 10% that we can process. So, I think that plant has started giving better financial results.

Moderator: The next question is from the line of Manish Agarwal from Tradeswift.

Manish Agarwal: I have a couple of questions. My first question is, sir, can you give a brief on CIDCO bio-mining project? Can you explain the economics of the project like revenue expected margin and transportation cost per ton? What I actually want to understand is this ₹10 crores incremental transportation, which we incurred in Q1, how much was timing related and how much in the project cost?

Mahendra Ananthula: So the revenue model for the bio-mining project is basis the tipping fee that we get from the client plus the sale of RDF revenue that we get by selling it to the cement companies, okay. So these are the 2 revenue streams. And the cost is the cost of transportation that you incur for paying to the transporters and disposal of inert in the low-lying areas.

Manish Agarwal: Okay. So is this ₹10 crores incremental just for 1 quarter or is it like increase in the project cost itself?

N.G. Subramanian: It's a cumulative effect. So what happens when you do bio-mining is as and when you bio-mine a particular area, the inert are kept aside and you dispose of the RDF material to the cement companies, as Mahendra mentioned. Now after the project nears this end, there are a lot of inert which cannot be sold to cement companies because they need RDF and not inert.

So the last quarter was reflective of the disposal costs related to the inert to low-lying areas as earmarked by the corporation and the authority. So the last part of any bio-mining contract would see a jump in transportation/disposal cost. Similarly, in what we have incurred in Greater Noida bio-mining as well.

Mahendra Ananthula: You can say it is the closure cost of the project.

Manish Agarwal: We can expect this will not be forward-looking like for the next quarter or whatever?

Mahendra Ananthula: CIDCO bio-mining tender is over. We have already completed the project. So it's completed.

N.G. Subramanian: So yes, to answer your question, this is not a repetitive line item for you.

Manish Agarwal: Okay. So my second question is like our processing volume has grown by 6%, but our RDF sales have declined by 28%. So is this purely a timing issue in dispatches, inventory accumulation or a weaker customer demand? How should we look at it? And what is the realization per ton?

Mahendra Ananthula: It's only a timing issue. I mean because we also are in the process of adding more and more customers. So the more customers -- and also selling from our PCMC plant apart from CIDCO and Kanjurmarg from where we are already selling. In terms of realization, we make a net realization of -- it's a positive realization of upwards of ₹300 per ton.

Manish Agarwal: What it was in last year?

Mahendra Ananthula: It was ₹250 or so.

Manish Agarwal: Okay. Realization have improved basically. Sir, my last question. Sir, on refinance, what -- you said that outstanding amount was close to, if I'm not wrong, it was ₹40 crores. So for that, we have incurred additional ₹7 crores prepayment cost and we are saving downpayment reduction in interest cost. So what is the payback period for that, sir?

N.G. Subramanian: The amount that got refinanced is ₹140 crores, not just ₹40 crores.

Manish Agarwal: Okay, ₹140 crores. Okay. So, what would be the payback period?

N.G. Subramanian: The payback for it is 15 years.

Manish Agarwal: 15 years?

N.G. Subramanian: Sir, we are talking about the tenure is now extended to 15 years and we're having a net benefit of ₹14 crores despite paying the ₹6 crores of prepayment charge.

Moderator: The next question is from the line of Taha Ansari from Taha Capital Management.

Taha Ansari: Yes, Sir, I am talking about your C&T business, your Collection and Transportation business. We did around ₹166 crores of revenues and around 5.5 lakh ton of tonnage in the very first quarter. So, sir, what should we assume as our revenue or sales per ton for this C&T business?

N.G. Subramanian: So it will be very difficult to quantify because of 2 factors. One is the Collection and Transportation revenue also includes revenue from 3 other projects where the billing terms are not on tonnage, but it's on number of households and the number of trips. So like the ones in Thane, Jhansi and Varanasi, the billing is on the number of units/household/commercial units and the number of trips that we run. So that tonnage is not getting captured in the tonnage group.

Second, more importantly, the scope of each project is different. So it will be very difficult to quantify on a per ton revenue rate what will be the price because each contract has a different scope, the tipping fee ranges between ₹1,800 to ₹4,200, depending on the scope, depending on the number of vehicles and the number of years within which the work needs we completed.

Taha Ansari: Okay. I got it. It is up to the area and up to the size of the project. If you give me a EBITDA margin idea for this Collection and Transport business, it might be difficult, but if you can put a number into it.

N.G. Subramanian: We never comment on each division's performance, and it's very difficult because it's a B2G market, right? So these are pretty commercially sensitive points to discuss.

Taha Ansari: Can i get an idea of what are the receivables?

N.G. Subramanian: So we have 114 DSOs is what we have reported for the first quarter. So normally, our DSOs range anywhere between 90 to 115 kind of a number. So that's the range that we have over the last 18 quarters.

Taha Ansari: Okay, sir. You're talking on a consolidated basis or I am just asking about...

N.G. Subramanian: Consolidated basis.

Taha Ansari: Okay, on a consolidated basis you are talking.

Moderator: The next question is from the line of Mihir Shah from MB Securities.

Mihir Shah: So I would like to know which of our current segments offer the strongest growth opportunity going ahead from now? Like is it C&T, processing, WtE segments?

N.G. Subramanian: So going forward, I think given focus of the management is to concentrate more on waste processing/WtE projects for us. But having said that, Collection and Transportation is also an area where we have been growing by leaps and bounds. I mean the last 4 years, we have got more C&T contracts and mechanical sweeping contracts.

And even yesterday, we got a new contract from the Greater Noida Municipal Corporation. So I mean for us, growth will come from both the sites. But the focus where it's more margin accretive and more capex intensive, it is waste processing/WtE for us.

Mahendra Ananthula: Just to add to what NG said, I mean, it's about maintaining a balanced portfolio. We used to be essentially 70% Collection and Transportation and 30% of processing. We are actually moving towards 50-50 kind of portfolio, and that's our target.

Mihir Shah: So just to understand, you are moving towards more Waste-to-Energy portfolio?

Mahendra Ananthula: Processing and waste-to-energy portfolio. Yes.

Mihir Shah: Okay. And sir, going forward, like how much of the company's future growth can be achieved through our existing portfolio versus like winning new contracts?

N.G. Subramanian: So our existing portfolio gives us a scope of anywhere between 6% to 9% depending upon the tipping fee escalation that gets registered and clocked in. The new businesses, new scope of additional growth will give us around 10% to 15% additional growth coming from that.

And these would be slightly lumpy because, I mean, even if we bag a contract, like, for example, we bagged the BMC contract 2 quarters back. I mean it's only in the current quarter that we started one of the zone.

So, bagging a contract and singing the LOA, and that translating into P&L line item takes at least 2 to 3 quarters for us. So the recognizing revenue growth will be slightly staggered, but that's the trend for us.

Moderator: The next question is from the line of Ketan Chheda, a Retail Investor.

Ketan Chheda: First, bookkeeping question. Could you just share what is the long-term and short-term debt that we have?

N.G. Subramanian: The long-term debt is around ₹220-odd crores. The balance entirely will be short-term debt for us. So that's like around ₹140-odd crores. So, the total debt is around ₹420 crores for us. That's the split between...

Ketan Chheda: ₹220 crores and ₹140 you said?

N.G. Subramanian: Yes.

Ketan Chheda: But then that could come to ₹360 crores. It wouldn't...

N.G. Subramanian: Cash and cash balance of ₹111 crores. So that kind of knocks off for us. So, I mean if you look at ₹435 crores, I would say around ₹300 crores would be long-term debt for us in that sense. I'm just netting out the EMD, which is available for us. So, of the ₹435 crores of long-term debt, ₹350 crores would be the debt due over the next 3 to 5 years. And the debt due in the next 12 months is around ₹28 crores plus ₹12, so that's ₹40-odd crores.

Ketan Chheda: Okay. On a overall basis, has our borrowing increased as compared to Q4?

N.G. Subramanian: Compared to Q4, my total borrowing has increased by around ₹22 crores at a gross level.

Ketan Chheda: Okay. And this is towards specific project?

N.G. Subramanian: So, we have started working on the AP WtE project. So that is an incremental debt at that part. And secondly, we have also got the BMC contract, the new C&T contract which started in the Q1, so that has been incremental debt towards that project as well.

Ketan Chheda: Okay. And the other question I have is the more strategic level have we evaluated getting into compressed biogas under this new scheme that the government has launched, the GOBARdhan scheme. Because there is one element where you can have municipal solid waste as a input for the generation of compressed biogas?

And there is a defined offtake agreement also, a long-term offtake agreement that you can sign with certain companies like city gas distributors or some of the oil marketing companies. So, have you evaluated that?

Mahendra Ananthula: Yes, we have evaluated and we are indeed looking at CGB project, but it's a part of the integrated waste project. What it means is that the city is responsible for sending 1,000 tons of waste. And while the waste-energy plant will take care of the dry fraction, the wet fraction will be sent to the CBG plant. So, to that extent, I mean, as we think the CBG plant on a stand-alone basis is too small. It makes more sense when it's part of a larger integrated project.

Ketan Chheda: So, I mean does it mean that we are planning to get these kind of contracts in the future?

Mahendra Ananthula: That's right.

Ketan Chheda: Okay. And with respect to the employee expenses also, the employee expenses have shot up significantly. Were we aware that this is going to happen in Q1 of this financial year?

N.G. Subramanian: It was not completely anticipated. There were 2 factors that led to it. One is the Labour Code change that came and restated our assumptions on the actuaries and everything. So that led to a restatement in the numbers and also the incremental headcount in the new project that we have got. So these are the 2 factors. Part of it was anticipated with the new project start, but the quantification due to the new Labour Code, that was the surprise item for us.

Ketan Chheda: Okay. So this incremental thing would be passed on to the customers, right? Eventually.

N.G. Subramanian: Bulk of it would be a part of the escalation adjustment as per the tender condition, but that will be a timing mismatch because we get an annual escalation and the cost will be incurred today. So maybe after 6 months from now based on the annual life of that particular contract, we'll go for an escalation as per the tender condition.

Ketan Chheda: Right. Is it safe to assume that in our next financial year, not in FY'27 but in FY'28 our margin trajectory would be back to historic levels?

N.G. Subramanian: It should be because if you look at the labour cost as a percentage of revenue, historically, it has been in the range of around 30% to 31%. This time it spiked to 34%, which is an aberration for us. So normally in the next 3 quarters, I think it will be normalized to those levels and then the margin expansion will step in.

Ketan Chheda: I'm assuming that by that time, when FY28 starts would have passed on approvals for all the escalations related to the labour charges, labour costs.

N.G. Subramanian: Yes. That is right assumption.

Moderator: The next question is from the line of Nitesh, an Individual Investor.

Nitesh: My question to the management is why every time we keep hearing new surprises, okay? So, I've been following this company for several years, okay? I will probably share what concerns I have. First, I have seen the management interview over TV saying, we will get into vehicle scrapping.

And then in subsequent calls, we said that, we have identified land and then machinery will be ordered. And then down the line after 1 year, we say that, okay, now we are not going to proceed with it. We don't see much ROI and there's a lot of issues related to vehicle scrapping, okay?

And similarly, right, now again, in this quarter, we see the margins have gone for a toss and this was not called out in previous con calls, you were always saying that our margin profile will be in the range of 22%, 24%, depending upon the contracts what we have, okay? So that's my first question. Why we always keep seeing surprises?

N.G. Subramanian: Waste management as a business, I mean, it's the way we look at business is we need to be viewed on an annual basis. Looking at the company on a quarterly performance, it will be very difficult to target that.

When we got listed in 2021, our total revenue was around ₹400 crores to where we now a ₹1,000 crores company. And we have been able to get new contracts at prices which is attractive. But if you were to look at our margin profile over the last 4 years, it's been largely been steady. It's been upwards of 20%, 22% EBITDA margin for us.

Yes, you are right. Each quarter comes out with some surprises because in this line of activity where 60% to 70% of my operating expense is labour-centric, which is fuel-centric, repairs and maintenance-centric and it's also related to the tonnage inflow mechanism. There are certain items which is beyond the company's control on a quarterly basis. So if there is a DA increase, there is no way that we can quantify that and forecast it to an exactitude.

Similarly, fuel prices pre-2018 or even before that, versus as adjusted prices today, fuel is something which is very volatile. Not only that. I mean the cost of repairs and maintenance, the cost of additives over the last 3 quarters has spiked through the roof. I mean if you look at the cost of additives, the cost of fabrication, the cost of gases used for cutting and repairing metals, it's become very expensive, especially after the recent war that's happening in the Gulf of Hormuz.

So for a larger canvas on the cost spread, though we got an escalation which covers 80% of operating cost. So instead of looking at a company's performance on a quarterly basis, we would suggest look at it from a longer aspect, look at the performance in batches of years, look from 2014 to 2018, 2018 to 2021 and 2021 to 2025.

Because waste management, it's entirely is like a utility business. I mean the waste comes in, you need to process it. Monitoring each quarter's performance versus the previous quarter's performance may not actually reflect the underlying complexities that gets reflected in the system.

And on the auto scrap business, I mean, we are still evaluating. I mean it's a capital part of it, but looking at the way the canvas is there, looking at the way the business is turning out, we don't want to rush into a business and do things, but we are definitely looking at that part as a potential area of diversification.

Nitesh: Okay. My next question is just looking at the results, audited results somewhere I saw one line item, okay, where I think the auditors have called out saying, there is some compliance issue the way we handle the plant. And then there is a review being done today, if at all, they have addressed all of these, okay? Can you just elaborate what concerns we have? Did we comply with any of the regulations, is it?

N.G. Subramanian: No, no. So the compliance is not on the part of it. It's basically once there is a certain structural damage to the plant, which needs to be reviewed by the OEM suppliers. So based on the report, the further cost estimates would be worked out.

So it's a landslide that happened. It has damaged certain parts -- so visibly there doesn't seem to be any damage. But till the time the experts come and look at the plant and give us a certificate, yes, this is a cost expenditure that needs to be done. There are repairs that needs to be done. Only then will be to a certain certitude -- can we say this is an actual cost. And that is what is being called out by the auditors, which we plan to do in the second quarter.

Nitesh: Okay. Perfect. One last question from my end. I also saw in the report that there is a joint petition being applied by Antony Waste and state of Maharashtra. And tomorrow, there is hearing from Supreme Court on 12th of August, okay?

So suppose we get anything against the government and Antony waste, do you see any impact to us? I understand we have covered in terms of -- we have various clauses. But in case something goes wrong, what will be the impact to our business? I am talking about the Kanjurmarg plant.

Mahendra Ananthula: I know. I don't think there is anything which can go wrong for the simple reason that Supreme Court in the last hearing has said that before we take any action, we would like to see the practicality of BMC shifting the project to some other location or finding an alternate source. But clearly, there is not an option. So that's why we don't think that this project is going to move away from Kanjurmarg from where it is today.

On the other hand, the monitoring committee, which has been appointed by High Court of Bombay has been extremely supportive. They have been very appreciative of the kind of efforts and the kind of initiatives we have taken in Kanjurmarg. Thanks to these regular visits by the monitoring committee. People have started appreciating the good work which has happened in Kanjurmarg.

And going forward, if at all there is some change, it is only going to be in the context of change in technology, which is what we have been referring to, saying that city of Bombay needs to switch to CBG and waste to energy as technology options. And the High Court and Supreme Court also are more likely to move into that direction.

Nitesh: Okay. One last, if I can ask, right?

Moderator: Can you please request you to come back in the queue for your follow-up question?

Nitesh: Yes.

Moderator: The next question is from the line of Neerav Dalal from MIB Securities India.

Neerav Dalal: So just on the additional costs that we've incurred in this quarter, I'm assuming the ₹10 crores, how much of that would be recurring in the coming quarters? That is my first question.

N.G. Subramanian: Okay. On the recurring cost of ₹10 crores of bio-mining, we don't see any of it getting repeated in the current quarter because that was related to the CIDCO bio-mining and we have completed with the contract. So that was a last part of activity of disposal of inert from the site. And since the contract is over, there is no related cost to be borne in the forthcoming period.

Neerav Dalal: Okay. That is my first question. The second thing is in terms of the volume growth that we are expecting now for the next 9 months, what is the additional volume or the new contract that has come in? How much do you think that would contribute to the volume growth?

N.G. Subramanian: So, I mean we can give you contract-wise number kind of a detail, but it will not be for the full year. For example, the BMC contract by itself will add around 1,500 tons per day. The Atkoli project that we have got in Thane processing will add another 600 to 800 tons per day, but that's not for the full year.

It will start either on Q4 or Q3 of the current financial year. So these are the incremental numbers that is going to come over the next 2 quarters. Maybe in the next financial year, first quarter, you will know a steady state of tonnage that we are handling.

Neerav Dalal: Okay. Okay. So just to be very clear, in terms of the volume growth that we've got in this quarter it would be what we should assume in the current year with whatever incremental that comes in from the new contracts in the latter half of this year. Would that be the right assumption?

N.G. Subramanian: That would be one way of looking at it. For example, of the BMC 7 wards that we bag, we started with 1 ward which had only 7 days of operation. So, the second quarter will give a slightly better number on the tonnage. The third quarter and the fourth quarter will give you a full state of operation, which we have bagged from the BMC contract. Similarly, the Atkoli project will also give you a full volume by Q4. So, in Q4 would be your test of the total volumes that we handle. And going forward, that will be the base for the company.

Neerav Dalal: Correct. And just lastly, in terms of any one-offs, so except for the WtE contract, we would not have any other one-offs that would now we will see in this current financial year.

N.G. Subramanian: No, we don't anticipate any one-off such expenses. The WtE one is something that will be in the second quarter for us.

Neerav Dalal: Correct. And we are expecting that to start off in October or so.

N.G. Subramanian: By second week of October, we should have that up and running.

Neerav Dalal: Got it. So we'll be at full capacity in the fourth quarter?

N.G. Subramanian: Yes.

Moderator: Ladies and gentlemen, due to time constraints, that was the last question for today. I would now like to hand the conference over to Mr. Jose Jacob, sir, for his closing comments. Thank you, and over to you, sir.

Jose Jacob: Before we conclude, I want to take a moment to express my heartfelt appreciation to our entire team for their unwavering commitment and exceptional contribution. Your dedication and hard work have been instrumental in driving our success and sustaining our growth momentum.

As we look ahead, our focus remains firmly on delivering consistent performance, enhancing shareholder value and strengthening our leadership in sustainable waste management. We will continue to invest in innovation, technology and operational excellence to further consolidate our position in the industry.

I'm truly excited about the journey ahead as we continue to build a cleaner, greener and a more sustainable future for our community and stakeholders. Thank you once again for your continued trust and support. And I wish everyone a very pleasant evening.

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. Thank you.