

Antony WasteHandling

11 August 2026

Operator: Ladies and gentlemen, good day and welcome to Antony Waste Handling Cell Ltd. Q1 FY27 conference call. This conference call may contain forward-looking statements about the company, which are based on the company's beliefs, opinions, and expectations as of the date of this call. These statements are not a guarantee of future performance and involve risks and uncertainties that are difficult to predict. As a reminder, all participants' lines will be in listen-only mode, 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 the operator by pressing '*' and then '0' on your touch-tone phone. Please note that this conference is being recorded. I now hand over the call to Mr. Jose Jacob, Chairman and Managing Director of Antony Waste Handling Cell Ltd. Thank you, and over to you, sir.

Jose Jacob – Chairman & Managing Director: 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. Subramaniam, our Group CFO; and SGA, our investor relations advisor. Our investor presentation for Q1 FY27 is available on the stock exchanges 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. Rescue operations began immediately, and 14 people were safely rescued. Tragically, nine individuals lost their lives.

Our focus from day one has been on standing by the affected families. The company is bearing all medical and counseling expenses for the injured, providing financial assistance of Rs 40 lakhs to each affected family, and covering 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 is needed. Those we 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 that 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 composting operations resumed from July 28, and WTE operations will restart only after a thorough review and certification by our OEMs and {? Hitachi ?}. We continue to cooperate fully with all concerned authorities.

Today, more than a month later, we pause to remember the nine colleagues we lost: the work they did, the people they were, and the families who carry this loss every day. We have stayed close to those families through this period, and we will continue to do so. As we remember them, we also renew our commitment to one another. Nothing matters more than every person who comes to work returning home safely. Safety is not a set of rules on a wall; it is how we look out for each other

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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 and our business performance, we delivered healthy year-on-year revenue growth of 6%, reaching Rs 269 crores, driven by higher volumes across our project sites and supported by contractual tariff price escalation. On the balance sheet side, during the quarter, we successfully refinanced the term loan of Antony Lara Renewable Energy Private Limited, a 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 am 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 electromechanical road-sweeping machines across the Greater Noida East zone. This is a 243-crore project over 5 years, with a further 2-year extension option. It is expected to commence in Q3 FY27 and contribute approximately Rs 46 crore 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, enhancing profitability, and strengthening our presence in high-growth emerging sectors. 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 the 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. I will now turn to the operational aspect. Let me bring Mahendra in. Mahendra, over to you.

Mahendra Ananthula – Group President Operations Business Development and Diversification:

Thank you, Jose. I would like to walk you through the operational performance of Antony Waste Handling Cell Ltd. 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 Q1 FY27 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 10% year-on-year to 156 crores, while the processing segment grew 3% year-on-year to 75 crores.

Our 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 continues 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.

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Turning to resource recovery, RDF sales stood at approximately 40,000 tons, down around 28% year-on-year. This is not directly comparable to Q1 FY26, which benefited from a meaningful contribution from the CIDCO biomining projects, now completed. Compost sales remained broadly stable at approximately 6,000 tons.

On ESG, we continue to make tangible progress against our sustainability roadmap. Scope 1 and Scope 2 emissions for the quarter stood at approximately 6,601 tons and 825 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.

Operator: Thank you. I now hand over the call to NJ for the financial highlights.

NJ: 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 36% year-on-year to 269 crores, as mentioned by {? Jo ?}, reflecting the resilience of our underlying business even as we navigated a challenging cost environment during the quarter.

On the revenue mix, collection and transportation contributed 62%, MSW processing contributed 28%, other operating income contributed 7%, and contract and other income contributed the remaining 3%. This compares with 60%, 28%, 9%, and 3%, respectively, in Q1 FY26. The shift reflects the growing weight of our C&D 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. EBITDA came in at 45 crores, 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 three 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 represent 34% of our revenue versus 30% a year ago; and the deferral of certain Q4 FY26 waste disposal transportation activities into this quarter. This added an incremental expense of approximately 10 crores.

Finance costs also rose 35% year-on-year, reflecting a higher debt base and part of our refinancing. These pressures flowed through to the bottom line. PAT for the quarter stood at 0.7 crore, 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 reduces 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

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transitional rather than structural, given the one-off nature of both the transportation costs 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 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 the benefits of the Lara Renewable refinancing are fully reflected going forward. DSO remains stable at around 114 days, underscoring 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 22–24 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 in any recovery we expect from insurance claims, which could offset part of this impact. I want to be transparent 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.

Operator: Thank you very much. We will now begin the question-and-answer session. Anyone who wishes to ask a question may press star and one on their touch-tone telephone. If you wish to remove yourself from the question queue, you may press star and two. Participants are requested to use handsets while asking a question. Ladies and gentlemen, we will wait for a moment while the question queue assembles. The first question is from the line of Ronak Shah from Equirus Securities. Please proceed with your question, sir.

Ronak Shah – Equirus Securities: Hi, sir. First of all, it was sad to hear about the unfortunate event. My question is regarding the waste-to-energy operations. In the results highlights, you mentioned that the operations are currently under regulatory review. From that context, what is the status? Considering that it is a high-return, high-churning, and high-margin business, what can be the near-term impact in terms of waste-to-energy revenue? That was my first question.

Management: On the WTE part, there are two operations that are undergoing review. The material recovery and composting sections have already started operations from July 28. We have started processing around 400 tons of waste per day. The WTE plant is expected to be back by the first week of October.

During this period, the fixed cost incurred would be in the range of around 2.5–3 crores per month for us, so around 7 crores will be sitting on our books of accounts. Revenue will technically start

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from the first or second week of October for us on a full-stream basis.

Ronak Shah – Equirus Securities: Okay. So your tipping fee will continue, but the power generation and sale component will see some impact. That is the broader understanding I have.

Management: That is correct.

Ronak Shah – Equirus Securities: Secondly, if we look at the processing business, the current quarter has seen some moderation in terms of revenue growth. Can you highlight any specific one-off or specific reason for that? Also, when you call out inflationary trends that are affecting current profitability, from the Q2 and Q3 perspective, considering the current high crude and crude-derivative-related prices, as well as the wage hikes we have seen, how will near-term profitability trend in terms of the numbers?

Management: The answer to the first part, on the softening processing volumes, is mainly that the CIDCO biomining contract ended in the last quarter. This was a very specific 2-year project wherein we were supposed to biomine a particular tract of land, and that was completed. That is why we are seeing a moderation in processing volume in Q1.

Going forward, with the {? Atpadi ?} 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 pressures, mainly because of transportation- and hiring-related items. We expect those margin profiles to improve slightly going forward. It will not be as bad as what we encountered in Q1. We will see some respite from renegotiation of the terms with the transportation entities.

On the labor front, yes, that is something that has happened. Recently, we received the new Maharashtra state government revision in DA rates, so there will be a timing issue with the cost pressure on the labor front. However, since the bulk of our projects have escalations linked to them, we see some respite coming in during the second half of the current financial year.

Ronak Shah – Equirus Securities: On the long-term guidance, we are likely to post around 22–24% EBITDA margin. From the FY27 perspective, could it be below 20% considering all these macro factors?

Management: On the processing side, we do not see a lot of pressure coming in. On the collection and transportation 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 contracts will start from the third quarter onwards, so they have a slightly better margin profile. Our {? Atpadi ?} capex reimbursement is also coming in by Q4. That has a higher margin profile. So the internal threshold should be to go back to our historical margin level, but yes, it can be a quarter plus or minus here and there.

Ronak Shah – Equirus Securities: In terms of the balance sheet, we have refinanced the loan. Can you highlight the quantum of that? Secondly, there are receivables of around 15 crores that we have received through a favorable adjustment from the court. What is the timeline for those receivables?

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Management: The total amount that was refinanced is around 140 crores at the Lara Renewable level. That is the quantum of the loan being refinanced at a lower cost. Regarding the 15-crore amount, it is still pending. The corporation is working on it, and they will get back to us shortly.

Ronak Shah – Equirus Securities: Lastly, on the Andhra project, what is the status? Secondly, in terms of C&D, how is it progressing considering the disruption related to the current monsoon?

Management: On the Andhra project, we have possession of land at both sites, Kadapa as well as Kurnool. As we indicated in our earlier calls, the technology and 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. Work in Kurnool should begin in the next couple of weeks.

Things are going as per schedule. I think NJ has already briefed 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 – Equirus Securities: In terms of the C&D operation, how is it progressing right now?

Management: C&D has actually recovered. BMC came up with two policy decisions that ensure all the large builders start sending part of their construction and demolition waste to the processing plant. This means it became mandatory for the builders to get their waste processed. That has really helped us achieve the tonnages that were a problem in the initial year.

Now we are getting close to 600–650 tons per day, and we have a capacity of 600 tons per day, plus or minus 10%, that we can process. Having that plant has started giving better financial results.

Ronak Shah – Equirus Securities: Understood. That is all from my side. Thank you.

Operator: Thank you. The next question is from the line of Manish Agrawal from TradeSwift. Please proceed with your question.

Manish Agrawal – TradeSwift: Hello, sir. Thank you for giving me this opportunity. I have a couple of questions. My first question is, can you briefly explain the CIDCO biomining project? Can you explain the economics of the project, such as expected revenue, margin, and transportation cost per ton? What I want to understand is, of the 10-crore incremental transportation cost incurred in Q1, how much was purely timing-related and how much was an increase in the project cost?

Management: The revenue model for biomining is based on the tipping fee that we receive from the client, plus the RDF revenue that we receive by selling it to cement companies. These are the two revenue streams. The cost is the transportation cost incurred in paying the transporters and the cost of disposing of inerts in low-lying areas.

Manish Agrawal – TradeSwift: Is this 10-crore incremental cost just for one quarter, or is it an increase in the project cost itself?

Management: It is the cumulative effect. When you carry out biomining, as and when you biomine a particular area, the inerts are kept aside and you dispose of the RDF material to cement companies,

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as {? Hemant ?} mentioned.

After the project nears its end, there are a lot of inerts that cannot be sold to cement companies because they need RDF and not inerts. So the last quarter reflected the disposal cost related to disposing of the inerts in low-lying areas as earmarked by the corporation and the authority.

The last part of any biomining contract would see a jump in transportation and disposal costs, similar to what we incurred in Greater Noida biomining as well. You can call it the closure cost of the project.

Manish Agrawal – TradeSwift: So we can expect that this will not be a forward-looking cost for the next quarter or so?

Management: The CIDCO biomining tender is over. We have already completed the project; it is completed. To answer your question, this is not a repetitive line item for you.

Manish Agrawal – TradeSwift: My second question is that our processing volume has grown by 6%, but our RDF sales have declined by 28%. Is this purely a timing issue in dispatches, inventory accumulation, or weaker customer demand? How should we look at it, and what is the realization per ton?

Management {? Abhijit ?}: It is purely a timing issue. We are also in the process of adding more and more customers. In addition to CIDCO and Kanjurmarg, from where we are already selling, we are also selling from our Pimpri plant. In terms of realization, we make a positive net realization of upwards of 300 rupees per ton.

Manish Agrawal – TradeSwift: What was it last year?

Management {? Abhijit ?}: It was around 250 rupees.

Manish Agrawal – TradeSwift: So realizations have improved, basically.

Management {? Abhijit ?}: Yes.

Manish Agrawal – TradeSwift: Sir, my last question is on refinancing. You said that the outstanding amount was close to, if I am not mistaken, 40 crores. For that, we incurred an additional 7-crore prepayment cost, and we are saving on the reduction in interest cost. What is the payback period for that?

Management {? Abhijit ?}: The amount that was refinanced is 140 crores, not just 40 crores.

Manish Agrawal – TradeSwift: Okay, 140 crores. What would be the net payback period?

Management {? Abhijit ?}: The payback period for that is 15 years. I am referring to the loan tenure, which is now extended to 15 years, and we are having a net benefit of 14 crores despite paying the 6-crore prepayment charge.

Manish Agrawal – TradeSwift: Thank you so much. That was all, sir.

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Operator: Thank you. Participants who wish to ask a question, please press star and one at this time. I repeat, to ask a question, please press star and one now. The next question is from the line of Taha Ansari from Taha Capital Management. Please proceed with your question.

Taha Ansari – Taha Capital Management: Hi, good afternoon to the management. Am I audible?

Management: Yes.

Operator: Yes, you are audible.

Taha Ansari – Taha Capital Management: My first question is regarding your collection and transportation business. In Q1 FY25, we did around 166 crores of revenue and around 5.5 lakh tons of tonnage in the first quarter. Should we assume 3,000 as our revenue or sales per ton for this C&T business?

Abhijit: It will be very difficult to quantify because of two factors. First, collection and transportation revenue also includes revenue from three other projects where the billing terms are not based on tonnage but on the number of households and the number of trips. In projects such as Thane, Jhansi, and Varanasi, billing is based on the number of units, households, or commercial units, and the number of trips that we run. That tonnage is not captured in the tonnage group.

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

Taha Ansari – Taha Capital Management: I understand. Depending on the area and the size of the project, if you can give me an idea of the EBITDA margin for this collection and transportation business, it might be difficult, but can you put a number to it?

Management: We never comment on the performance of each division, and it is very difficult because this is a B2G market. These are commercially sensitive points to discuss.

Taha Ansari – Taha Capital Management: I understand. What is the receivables cycle in this collection and transportation business?

Management: Sorry, we could not hear you. Can you repeat that question a bit more clearly?

Taha Ansari – Taha Capital Management: I would just like to get an idea of the debtor days and receivables.

Management: We have reported 114 DSO for the first quarter. Normally, our DSO ranges anywhere between 90 and 115. That is the range we have had over the last 18 quarters.

Taha Ansari – Taha Capital Management: Are you talking about a consolidated basis or are you referring to something else?

Management: I am sorry, this is consolidated.

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Taha Ansari – Taha Capital Management: Fine, that is all from my side. Thank you so much.

Management: Thank you.

Operator: Thank you. The next question is from the line of Mihir Shah from Nuvama Securities. Please proceed with your question.

Mihir Shah – Nuvama Securities: Hello, am I audible, sir?

Management: Yes.

Operator: Yes, you are audible.

Mihir Shah – Nuvama Securities: I would like to know which of our current segments appears to have the strongest growth trajectory going forward: C&T, processing, or the WTE segment?

Abhijit: Going forward, given the management's focus, we want to participate more in waste processing and WTE projects. Having said that, collection and transportation is also an area where we have been growing by leaps and bounds. In the last 4 years, we have obtained more C&T contracts and mechanical sweeping contracts. Even yesterday, we obtained a new contract from the Greater Noida Municipal Corporation.

For us, growth will come from both sides, but the focus, where it is more margin-accretive and more capex-intensive, is waste processing and WTE.

Management: Just to add to what Abhijit said, it is about maintaining a balanced portfolio. We used to be essentially 70% collection and transportation and 30% processing. We want to move towards a 50-50 kind of portfolio, and that is our target.

Mihir Shah – Nuvama Securities: So, just to understand, are you moving towards a larger waste-to-energy portfolio?

Management: A processing and waste-to-energy portfolio, yes.

Mihir Shah – Nuvama Securities: Going forward, how much of the company's future growth can be achieved through our existing portfolio versus winning new contracts?

Abhijit: Our existing portfolio gives us a scope of anywhere between 6% and 9%, depending on the tipping-fee escalation that gets registered and recorded. The new businesses and the additional scope for growth will give us around 10-15% additional growth.

These would be slightly lumpy because even if we win contracts, for example, we won the BMC contract 2 quarters ago, it is only in the current quarter that we started operations in one of those zones. So winning the contract, signing the LOA, and translating that into a P&L line item takes at least 2-3 quarters for us. Therefore, the timing of recognizing revenue growth will be slightly staggered, but that is the trend for us.

Mihir Shah – Nuvama Securities: Understood, sir. Thank you. That is all.

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Management: Thank you.

Operator: Thank you. The next question is from the line of Ketan Chheda, an individual investor. Please proceed with your question.

Ketan Chheda: Hi, thanks for the opportunity. As a first bookkeeping question, could you share the long-term and short-term debt that we have?

Management: Long-term debt is around 220 crores. The balance would be short-term debt for us, which is around 140 crores. So the total debt is around 420 crores for us. That is the split between the two.

Ketan Chheda: Okay, 220 and around 140.

Management: Yes.

Ketan Chheda: The total would come to 360.

Management: No, we also have cash and cash balances of 111 crores, which offsets it for us. If you look at 435 crores, I would say around 300 crores would be long-term debt for us in that sense. I am netting out the EMDs that are available to us.

Out of 435 crores of long-term debt, 350 crores would be debt due over the next 3-5 years. The debt due in the next 12 months is around 28 crores plus 12 crores, so that is around 40 crores.

Ketan Chheda: On an overall basis, has our borrowing increased compared to Q4?

Management: Compared to Q4, my total borrowing has increased by around 22 crores at the gross level.

Ketan Chheda: What specific project is this towards?

Management: We have started working on the AP WTE project to some extent, so there is incremental debt related to that. Secondly, we have also obtained the new BMC C&T contract, which started in Q1. So there has been incremental debt towards that project as well.

Ketan Chheda: My other question is at a more strategic level. Have we evaluated entering compressed biogas under the new scheme launched by the government, the GOBARdhan scheme? There is one element where municipal solid waste can be used as an input for generating compressed biogas, and there is also a defined offtake agreement, including a long-term offtake agreement that can be signed with certain companies such as CGD distributors or some oil marketing companies. Have we evaluated that?

Management: Yes, we have evaluated it, and we are indeed looking at CBG projects, but as part of an integrated waste project. This means that the city is responsible for sending 1,000 tons of waste, while the waste-to-energy plant will take care of the dry fraction and the wet fraction will be sent to the CBG plant.

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To that extent, we think that a CBG plant on a standalone basis is too small. It makes more sense when it is part of a larger integrated project.

Ketan Chheda: Does that mean that we are planning to obtain these kinds of contracts in the future?

Management: That is right.

Ketan Chheda: With respect to employee expenses, employee expenses increased significantly. Were we aware that this was going to happen in Q1 of this financial year?

Abhijit: It was not completely anticipated. There were two factors that led to it. One was the labor code change, which restated our assumptions on actuarials and everything. That led to a restatement in the numbers. The second factor was the incremental headcount in the new projects that we obtained.

These were the two factors. Part of it was anticipated with the new project starts, but the quantification resulting from the new labor code was a surprise item for us.

Ketan Chheda: This incremental cost will eventually be passed on to the customers, right?

Management: The bulk of it will be part of the escalation adjustment as per the tender condition. However, there will be a timing mismatch because we receive an annual escalation and the cost is incurred today. Maybe after 6 months from now, based on the annual life of that particular contract, we will seek an escalation as per the tender condition.

Ketan Chheda: Is it safe to assume that by the next financial year, not in FY27 but in FY28, our margin trajectory would be back to the historical level?

Management: It should be. If you look at labor cost as a percentage of my revenue, historically it has been in the range of around 30–31%. This time it spiked to 34%, which is an aberration for us. Normally, over the next 3 quarters, I think it will normalize to those levels, and then margin expansion will step in.

Ketan Chheda: I am assuming that by that time, when FY27 starts, we would have passed on and obtained approvals for all the escalations related to labor charges and labor costs?

Management: That is the right assumption.

Ketan Chheda: Thank you so much. I wish you all the best. Thank you.

Management: Thank you.

Operator: Thank you. The next question is from the line of Neerav Dalal from MIB Securities India. Please proceed with your question. Mr. Neerav, please proceed with your question. As there is no response, can we move to the next question? The next question is from the line of Litesh, an individual investor. Please proceed with your question.

Litesh: Hello, can you hear me?

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Operator: Yes, sir, we can hear you.

Litesh: Thank you for the opportunity. My question to the management is: why do we keep hearing new surprises every time? I have been following this company for several years, and I will share my concerns.

First, I had seen a management interview on television saying that we would enter vehicle scrapping. In subsequent calls, we said that we had identified land and that machinery would be ordered. Then, after a year, we said that we would not proceed with it because we did not see much ROI and there were many issues related to vehicle scrapping.

Similarly, right now, again, in this quarter, we see that the margins have gone for a toss, and this was not called out in previous conference calls. We were always saying that our margin profile was being maintained in the range of 22–24%, depending on the contracts we had. That is my first question: why do we keep seeing surprises?

Management: Waste management as a business needs to be viewed on an annual basis. Looking at a company's quarterly performance makes it very difficult to assess that. When we got listed in 2021, our total revenue was around 400 crores, and now we are a 1,000-crore company. We have been able to obtain new contracts at attractive prices, but if you look at our margin profile over the last 4 years, it has largely been steady. Our EBITDA margin has been upwards of 20–22%.

Yes, you are right that each quarter comes with some surprises because, in this line of activity, 60–70% of our operating expenses are labor-centric, fuel-centric, repairs-and-maintenance-centric, and also related to the tonnage inflow mechanism. There are certain items that are beyond the company's control on a quarterly basis.

If there is a DA increase, there is no way that we can quantify and forecast it with exactitude. Similarly, fuel prices, before 2018 or even before that, were administered prices. Today, fuel is very volatile. Not only that, the cost of repairs and maintenance and the cost of additives over the last 3 quarters have risen sharply. If you look at the cost of additives, the cost of fabrication, and the cost of gases used for cutting and repairing our metals, they have become very expensive, especially after the recent war happening in the {? Gulf of Hormuz ?}.

On a broader view of the cost spread, although we receive an escalation that covers 80% of operating cost, that is on a time-part basis. Instead of looking at a company's performance on a quarterly basis, we would suggest looking at it over a longer period. Look at the performance in batches of years: 2014 to 2018, 2018 to 2021, and 2021 to 2025.

In waste management, it is entirely like a utility business for us. Waste comes in, and we need to process it. Monitoring each quarter's performance against the previous quarter's performance may not actually reflect the underlying complexities that are reflected in the system.

Regarding the auto-scrap business, yes, we are still evaluating it. It is a capital-intensive part of the business, but looking at the scale of the opportunity and the way the business is turning out, we do not want to rush into the business and proceed without due consideration. We are definitely looking at it as a potential area of diversification.

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Litesh: Thank you. My next question is that I was looking at the audited results. Somewhere I saw one line item where I think the auditors had called out that there is some compliance issue in the way we handle the plant, and that a review is being conducted to determine whether all of these matters have been addressed. Can you elaborate on what concerns we have? Did we fail to comply with any of the regulations?

Management: No, there is no compliance issue on our part. Basically, there has been certain structural damage to the plant that needs to be reviewed by the OEM supplier. Based on their report, the further cost estimates will be worked out.

A landslide occurred and damaged certain parts. Visibly, there does not seem to be any damage, but until the experts inspect the plant and provide us with a certificate confirming the cost and repairs required, we cannot state with certainty what the actual cost will be. That is what is being called out by the auditor, and we plan to complete this review in the second quarter.

Litesh: Thank you for the clarification. One last question from my end. I also saw in the report that a joint petition has been filed by Antony Waste and the State of Maharashtra, and there is a hearing in the Supreme Court on August 12. Suppose the decision goes against the government and Antony Waste. Do you see any impact on us? I understand that we have protection through various clauses, but if something goes wrong, what will be the impact on our business?

Management: I do not think anything can go wrong. I can add some more clarity. I do not think there is anything that can go wrong for the simple reason that, at the last hearing, the Supreme Court said that before taking any action, it would like to see the practicality of BMC shifting the project to another location or finding an alternative road. Clearly, there is no such option. That is why we do not think this project is going to move away from Kanjurmarg, where it is today.

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

Going forward, if there is any change, it will only be in the context of a change in technology. This is what we have been referring to when we say that the city of Bombay needs to switch to CBG and waste-to-energy as technology options. The High Court and Supreme Court are also more likely to move in that direction. Thank you.

Litesh: Thank you. One last question, if I can ask—

Operator: Mr. Nitesh, may I request you to come back into the queue for your follow-up questions?

Litesh: Okay, no problem. Thank you.

Operator: Thank you. The next question is from the line of Neerav Dalal from MIB Securities India. Please proceed with your question.

Neerav Dalal – MIB Securities India: Hi, thank you for the opportunity. I have a couple of questions. First, in terms of the additional expenses incurred from Q2 onwards, we would not have any of

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those 10-crore expenses, correct? Or would there be any?

Management: Neerav, can you please repeat the question? We could not hear you. Can you speak more loudly, please?

Neerav Dalal – MIB Securities India: Just regarding the additional cost incurred in this quarter, assuming it was 10 crores, how much of that would be recurring in the coming quarters? That is my first question.

Management: Regarding the recurring cost of 10 crores related to biomining, we do not see any of it being repeated in the current quarter because it was related to CIDCO biomining, and we have completed the contract. That was the final activity involving the disposal of inerts from the site, and once the contract is over, there is no related cost to be borne in the forthcoming period.

Neerav Dalal – MIB Securities India: That is my first question. The second is regarding the volume growth we are expecting over the next 9 months. What additional volume or new contracts are coming in, and how much do you think they will contribute to volume growth in the current year?

Management: We can give you contract-wise details, but they will not be for the full year. For example, the BMC contract by itself will add around 1,100 tons per day. The {? Atkoli project ?} that we have obtained in Thane processing will add another 600–800 tons per day, but that will not apply for the full year. It will start either in Q4 or Q3 of the current financial year.

These are the incremental numbers that will come over the next quarters. Perhaps in the first quarter of the next financial year, you will see the steady-state tonnage that we are handling.

Neerav Dalal – MIB Securities India: Just to be very clear, should we assume that the volume growth we achieved in this quarter will continue in the current year, along with whatever incremental volume comes in from the new contracts in the latter half of this year? Would that be the right way to look at it?

Management: That would be one way of looking at it. For example, of the 7 BMC wards that we won, we started with one ward, which had only 7 days of operations. The first and second quarters will give you a slightly better number on tonnage. The third and fourth quarters will give you full operations for the BMC contract we won.

Similarly, the Atkoli project will also give you full volume by Q4. Q4 will be the test of the total volumes that we handle, and going forward, that will be the base for the company.

Neerav Dalal – MIB Securities India: Got it. Lastly, in terms of any one-off expenses, except for the WTE contract, we would not have any other one-offs that we will see in the current financial year?

Management: No, we do not anticipate any such one-off expenses. The WTE one is something that will weigh on us in the second quarter.

Neerav Dalal – MIB Securities India: Correct, and we expect that to start in October or so?

Management: By the first or second week of October, we should have that up and running.

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Neerav Dalal – MIB Securities India: So by Q4, we will be at full capacity, starting in the fourth quarter?

Management: Yes.

Neerav Dalal – MIB Securities India: Got it. Thank you very much.

Operator: Thank you. 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. George Jacob for his closing comments. Thank you, and over to you, sir.

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

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

Note: {? ... ?} indicates a figure or name where audio clarity was insufficient for confident transcription. Verify against the source audio or the company's published filings.

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