Press Release

JINDAL URBAN WASTE MANAGEMENT (VISAKHAPATNAM) LIMITED
May 09, 2025
Rating Assigned

Product	Quantum (Rs. Cr)	Long Term Rating	Short Term Rating
Bank Loan Ratings	144.83	ACUITE A- | Stable | Assigned	-
Total Outstanding Quantum (Rs. Cr)	144.83	-	-
Total Withdrawn Quantum (Rs. Cr)	0.00	-	-

Rating Rationale

Acuité has assigned the long-term rating of **'ACUITE A-' (read as ACUITE A minus)**on the Rs.144.83 Cr. bank facilities of Jindal Urban Waste Management (Visakhapatnam) Limited. The outlook is **'Stable'**.

Rationale for rating

The assigned rating takes into account the presence of the reputed Jindal Group and its sound track record of operations in the Waste-to-Energy (WtE) sector. Further, the rating derives support from the healthy plant load factor (PLF) generations on 15 MW capacity and its long-term power supply capacity tied up with Andhra Pradesh Eastern Power Distribution Company Limited (APEPDCL) providing sound revenue visibility in near to medium term. Additionally, the rating considers presence of raw material supply agreement from the Urban Local Body (ULBs) thereby prohibiting procurement challenges and healthy financial risk profile of the company. Further, the rating factors in the expansion of capacity by 5 MW in the medium term which shall further improve the operating performance. However, the rating is constrained by the revenue concentration and high receivable period from DISCOMs which is expected to improve over the medium term due to the government initiative of Payment Ratification and Analysis in Power Procurement for bringing Transparency in Invoicing(PRAAPTI). Further, the PLF generation remain susceptible to the quality of waste processed.

About the Company

Incorporated in December, 2015; Jindal Urban Waste Management (Visakhapatnam) Limited (hereinafter referred as 'JUWM-Vizag') is a SPV formed by JITF Urban Infrastructure Limited (JUIL); a wholly owned subsidiary of JITF Urban Infrastructure Services Limited (JUISL). JUWM-Vizag operates a 15 MW Waste to Energy (WtE) power plant in Visakhapatnam district of Andhra Pradesh. The total project cost was Rs. 358.80 Cr and it achieved its commercial operation date (COD) in March, 2022. The company has signed a 25-year Power Purchase Agreement (PPA) with Andhra Pradesh Eastern Power Distribution Company Limited (APEPDCL) for the sale of 15 MW power generated from the project. The company is currently managed by Mr. Pranay Kumar and Mr. Manoj Kumar Agarwal.

Unsupported Rating

Not Applicable.

Analytical Approach

Acuité has considered the standalone business and financial risk profile of JUWM-Vizag to arrive at the rating.

Key Rating Drivers

Strengths

Presence of reputed group and its sound track record of operations in WtE sector

JUWM-Vizag is a SPV formed by JITF Urban Infrastructure Limited (JUIL); a wholly owned subsidiary of JITF Urban Infrastructure Services Limited (JUISL). These companies are housed under the infrastructure vertical of the P R Jindal Group under JITF Infralogistics Limited (JIL) which operates in the sectors such as municipal solid waste processing and power generation, water infrastructure, rail manufacturing, ship building, coastal and inland

water transportation business.
JUIL currently has 6 operational WtE projects across Delhi, Ahmedabad, Jaipur, Andhra Pradesh, etc. at a total capacity of 113 MW and is also coming up with 2 new WtE projects in Jodhpur and Delhi with a cumulative capacity of 40 MW. Further, the debt availed by the company is also secured by a corporate guarantee from the promoter i.e. JITF Urban Infrastructure Limited (JUIL) and sponsors - Glebe Trading Private Limited and Danta

Enterprises Private Limited.

Long-term revenue visibility

The company has a sound revenue visibility on account of 25 year off-take agreement with the Andhra Pradesh Eastern Power Distribution Company Limited (APEPDCL) for 15 MW capacity. Additionally, it also has long-term concession agreement for 25 years with the ULBs for the supply of ~1,200 tons per day of municipal solid waste (MSW). JUWM-Vizag recorded a top line of Rs.73.83 Cr. in FY25(Prov.) against Rs.69.99 Cr. in FY24 (Rs.56.01 Cr. in FY23). The increase in the top line in FY24 is on account of healthy PLF which stood at an average 93.34% in FY24 as against 76.79% in FY23. Additionally, PLF of 96.42% of PLF has been achieved till February, 2025.

Further, the operating margin stood at 65% in FY25(Prov.) against 74.01% in FY24 (70.64% in FY23). The moderation of margin in FY25(Prov.) is on account of slightly higher input costs due to stocking up of mandatory spares which are required for repairs, boiler maintenance and plant maintenance, etc. Going ahead, the margins are expected to be in the range of ~71-73% in the near to medium term. Additionally, the company will undertake capex worth ~Rs. 20-25 Cr to expand the existing capacity by 5 MW to be funded through internal accruals, which shall further improve the topline.

Healthy financial risk profile

JUWM-Vizag's financial risk profile is healthy marked by net worth of Rs.160.96 Cr. as on 31st March, 2025(Prov.) against Rs.145.68 Cr. as on 31st March, 2024 (Rs.70.42 Cr. as on 31st March, 2023). The total debt of the company stood at Rs.139.87 Cr. in FY25(Prov.) against Rs.166.48 Cr. in FY24 (Rs.226.51 Cr. in FY23). During FY25 (Prov.), the company repayed the USL of Rs.12.88 Cr. through the cash surplus and partial withdrawal of DSRA. Further, on account of reducing debt due to debt pre-payment of Rs.5.94 Cr, scheduled repayments and improving net worth; the gearing also lowered to 0.87 times as on 31st March, 2025(Prov.) against 1.14 times as on 31st March, 2024 (3.22 times as on 31st March, 2023). The TOL/TNW also improved to 1.22 times in FY25(Prov.) against 1.51 times in FY24 (4.19 times in FY23). The debt protection metrics also stood comfortable with interest coverage ratio (ICR) at 3.12 times in FY25(Prov.) against 2.30 times in FY24 (1.57 times in FY23) and debt service coverage Ratio (DSCR) at 1.77 times in FY25(Prov.) against 1.57 times in FY24 (1.29 times in FY23). The coverage indicators are expected to improve going forward on account of the expected improvement in profitability.

Weaknesses

Revenue concentration and high receivable period

The revenues of company remain concentrated with supply agreement with one off taker only. Further, JUWM Vizag's working capital operations remain intensive marked by Gross Current Asset (GCA) of 184 days in FY25(Prov.) against 174 days in FY24 (214 days in FY23). The increase in GCA days is on account of slightly higher inventory which stood at 115 days in FY25(Prov.) against 90 days in FY24 (69 days in FY23). The debtor recovery from the offtaker also stood at 82 days in FY25(Prov.) against 120 days in FY24 (167 days in FY23). Moreever, this improvement in receivable cycle is due to the company's registration on the PRAAPTI Portal which has enabled faster collection, thereby, ensuring that there are no delays made for the payments to the WtE sector. Currently, the company is receiving payments within 75-80 days, which is further expected to improve. Therefore, the fund based bank limit utilization stood low at an average of 1.82% in the last 5 month's ended January, 2025.

Susceptibility of PLF to waste quality

Degradation in waste quality occurs when the waste received holds moisture and consist of dust especially in monsoon and winter season which creates issues in absorption of the heat present. This affects the PLF generations and thereby hampers the operating performance.

Rating Sensitivities

Reduction in PLF below 85%

Significant improvement in the financial risk profile on account of any debt pre-payment or increase in cash accruals

Significant delay in receipts from the power distribution company

Liquidity Position

Adequate

Liquidity position of the company is adequate as reflected from sufficient Net cash accruals (NCA) of Rs. 29.01 Cr. in FY25 (Prov.) against maturing debt repayment obligations of Rs. 9.39 Cr. Besides, the company also has unencumbered cash and bank balances of Rs.11.10 Cr. as on 31st March, 2025 (Prov.). Additionally, company is expected to generate cash accruals in the range of Rs. 35-45 Cr over the medium term against repayment obligations of Rs. 7.00-8.50 Cr. Further, the company distributes its surplus cash flows to its group companies in the form of inter-corporate deposits which are repayable on demand (Rs.10.13 Cr outstanding as on 31st March, 2025(Prov.)).

Outlook: Stable

Other Factors affecting Rating
None.

Key Financials

Particulars	Unit	FY 25 (Provisional)	FY 24 (Actual)
Operating Income	Rs. Cr.	73.83	69.99
PAT	Rs. Cr.	15.22	11.83
PAT Margin	(%)	20.61	16.90
Total Debt/Tangible Net Worth	Times	0.87	1.14
PBDIT/Interest	Times	3.12	2.30

Status of non-cooperation with previous CRA (if applicable)
None

Interaction with Audit Committee anytime in the last 12 months (applicable for rated-listed / proposed to be listed debt securities being reviewed by Acuite)
Not applicable

Any other information
None.

Applicable Criteria
- Default Recognition :- https://www.acuite.in/view-rating-criteria-52.htm
- Infrastructure Sector: https://www.acuite.in/view-rating-criteria-51.htm
- Application Of Financial Ratios And Adjustments: https://www.acuite.in/view-rating-criteria-53.htm

Note on complexity levels of the rated instrument
In order to inform the investors about complexity of instruments, Acuité has categorized such instruments in three levels: Simple, Complex and Highly Complex. Acuite's categorisation of the instruments across the three categories is based on factors like variability of the returns to the investors, uncertainty in cash flow patterns, number of counterparties and general understanding of the instrument by the market. It has to be understood that complexity is different from credit risk and even an instrument categorized as 'Simple' can carry high levels of risk. For more details, please refer Rating Criteria "Complexity Level Of Financial Instruments" on www.acuite.in.

Rating History :
Not Applicable

Annexure - Details of instruments rated

Lender's Name	ISIN	Facilities	Date Of Issuance	Coupon Rate	Maturity Date	Quantum (Rs. Cr.)	Complexity Level	Rating
Indian Renewable Energy Development Agency Ltd. (IREDA)	Not avl. / Not appl.	Covid Emergency Line.	01 Oct 2020	Not avl. / Not appl.	31 Dec 2033	5.59	Simple	ACUITE A- | Stable | Assigned
Indian Renewable Energy Development Agency Ltd. (IREDA)	Not avl. / Not appl.	Term Loan	16 Jan 2019	Not avl. / Not appl.	31 Dec 2033	69.65	Simple	ACUITE A- | Stable | Assigned
Indian Renewable Energy Development Agency Ltd. (IREDA)	Not avl. / Not appl.	Term Loan	01 Jun 2022	Not avl. / Not appl.	30 Jun 2037	5.76	Simple	ACUITE A- | Stable | Assigned
Indian Renewable Energy Development Agency Ltd. (IREDA)	Not avl. / Not appl.	Term Loan	29 Jan 2024	Not avl. / Not appl.	30 Jun 2037	63.83	Simple	ACUITE A- | Stable | Assigned

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About Acuité Ratings & Research

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