December 08, 2025

Chandrapur Waste Water Management Private Limited: Rating upgraded; outlook revised to Stable from Positive; rated amount reduced

Summary of rating action

Instrument*	Previous rated amount (Rs. crore)	Current rated amount (Rs. crore)	Rating action
Long-term Fund-based – Term loan	50.44	47.41	[ICRA]A-(Stable); Rating upgraded from [ICRA]BBB (Positive) and Outlook revised to Stable from Positive
Total	**50.44**	**47.41**	

**Instrument details are provided in Annexure I*

Rationale

The rating upgrade for Chandrapur Waste Water Management Private Limited (CWWMPL) reflects the proven track record of receipts against monthly billing for the supply of tertiary treated water to the counterparty, Maharashtra State Power Generation Co. Ltd. (MAHAGENCO) for 22 months ended in September 2025, without any material deductions. The rating also considers the healthy projected debt coverage indicators during the debt tenure, presence of structural features such as debt service reserve account (DSRA) equivalent to six months of debt servicing obligations, escrow and cash flow waterfall mechanism, along with a long tail period (of about 12 years), which adds to financial flexibility.

Further, the rating draws comfort from the agreement between CWWMPL and MAHAGENCO for supplying treated water from the treatment plant to the thermal power plant in Chandrapur for 25 years from the commencement of operations with a take-or-pay arrangement at pre-agreed rates, which provides long-term revenue visibility. CWWMPL has entered a fixed-price operation and maintenance (O&M) contract with its sponsor, Vishvaraj Environment Limited (VEL), for the tenure of the concession, which provides comfort, given the latter's well-established track record in executing similar projects. Any higher-than-expected operational costs shall be borne by VEL, which offers stability to its cash flows to some extent.

The rating, however, is constrained by the moderate counterparty credit risk, given CWMMPL's sole dependence on MAHAGENCO for timely receipts against its billing, which has witnessed an average lag of 50 days in collections after billings. The risk of cash flow mismatch, in case of delay, is mitigated to an extent with CWWMPL maintaining a liquidity buffer equivalent to three months of debt servicing obligations, in addition to the DSRA balance. The project cash flows are exposed to interest rate risk, in case of any increase in interest rates, which will impact the net cash flows, project coverage and return indicators. Further, any significant rise in routine maintenance cost from the budgeted level could adversely affect CWWMPL's coverage metrics. In this regard, the fixed-price O&M contract with VEL mitigates the O&M related risk to an extent. ICRA notes the management guidance of no incremental leverage/top-up plans at present in the entity, thereby continuing with the current debt structure. Any incremental leverage impacting the coverage metrics materially will remain a key rating monitorable.

The Stable outlook on the rating reflects ICRA's opinion that CWWMPL would continue to benefit from its operational track record and sustain its healthy coverage metrics on the back of strong profitability.

Key rating drivers and their description

Credit strengths

Operational nature of project; long-term revenue visibility due to 25-year contract with take-or-pay arrangement – The project achieved its commercial operations on December 06, 2023, after which it commenced monthly billing against the supply of treated water to MAHAGENCO. CWWMPL has established a 25-year contract for supplying treated water to MAHAGENCO's power plant in Chandrapur. According to the take-or-pay contract, MAHAGENCO will pay a pre-specified fixed charge with annual escalation of 3% throughout the tenure of the contract, even in case of minimal offtake from MAHAGENCO.

Expected healthy coverage indicators for the project – CWWMPL is expected to maintain healthy debt coverage indicators during the debt tenure, given its long tenure and ballooning nature of debt repayment. While the scheduled repayment tenure is until FY2037, the concession period is till FY2049, resulting in a long tail period of about 12 years to refinance its current debt at better terms, if the need arises.

Presence of structural features – The rating is supported by structural features such as DSRA equivalent to six months of interest and principal obligation, maintained in the form of a fixed deposit of Rs. 4.15 crore as on October 31, 2025, along with a well-defined escrow mechanism.

Credit challenges

Exposed to counterparty credit risk – The rating factors in the moderate counterparty credit risk, given CWWMPL's sole dependence on MAHAGENCO for timely receipt of monthly payments for treated water. An average lag of 50 days in realising payments has led to an elongated receivable cycle. The risk of cash flow mismatch, in case of any delay, is mitigated to an extent with CWWMPL maintaining a liquidity buffer equivalent to three months of debt servicing obligations, in addition to the DSRA balance. The revenue risk is mitigated to a large extent as payments from MAHAGENCO for the sale of treated water is on a take-or-pay basis at pre-agreed rates, including annual escalations. However, timely receipt of payments from the counterparty remains the key for smooth running of operations, coupled with maintenance of adequate liquidity for meeting all its obligations related to O&M as well as statutory and debt repayments. ICRA, hence, will continue to monitor the track record of payments and the same will remain a key rating sensitivity on an ongoing basis.

Project cash flows and returns exposed to O&M and interest rate risk – CWWMPL's cash flows are exposed to interest rate risk, considering the floating interest rate on the project loan. Further, any significant increase in routine maintenance cost from the budgeted level could adversely affect its financial metrics. In this regard, the fixed-price O&M contract with VEL mitigates the O&M-related price risk to an extent.

Liquidity position: Adequate

CWWMPL had a free cash balance of Rs. 24 crore as on October 31, 2025, which along with its operational cash flow is likely to be sufficient to service its debt repayment obligations (P+I) of about Rs. 8.3 crore in FY2026. Further, the DSRA worth Rs. 4.15 crore, as on October 31, 2025, provides sufficient buffer.

Rating sensitivities

Positive factors – The rating could be upgraded on a sustained track record of timely receipt of monthly bills without any material deductions along with material improvement in coverage metrics and adequate liquidity position.

Negative factors – The rating could be downgraded if there are significant delays in receipt or deductions in monthly bills, or if there is significant increase in operational costs leading to material impact on the coverage metrics or liquidity position on a sustained basis. Any additional indebtedness, which could materially impact coverage metrics or liquidity position, or non-adherence to the debt structure could result in a rating downgrade.

Analytical approach

Analytical approach	Comments
Applicable rating methodologies	Corporate Credit Rating Methodology Rating Approach - Project Finance
Parent/Group support	Not applicable
Consolidation/Standalone	Standalone

About the company

Incorporated on February 17, 2021, CWWMPL, a special purpose vehicle (SPV) promoted by VEL and Vedic Wastewater Management Private Limited, was formed to undertake the following activities for MAHAGENCO on a Public–Private Partnership Design, Build, Finance, Operate, Transfer basis (PPP DBFOT) on take-or-pay basis:

- Interception and diversion work at two nallahs (refurbishment of existing, gated weir across Zarpat river, Chamarkundi nalla and an intake work at Azad Garden nalla)
- Rehabilitation of two existing sewage treatment plants (STPs) of 45 MLD (Pathanpura) and 25 MLD (Rahmat Nagar)
- Setting up a tertiary treatment plant (TTP) of 50 MLD net output capacity (the STP outflow will go into the TTP)
- Pumping machinery and transmission pipeline of 9.1 km (internally cement mortar lined metallic, MS or DI, pipeline acting as the rising main) from the TTP pump house to the Chandrapur Super Thermal Power Station (CSTPS) reservoir
- O&M of the 45-MLD and 25-MLD STPs and allied works along with 50 MLD capacity TTP for 25 years
- Sale of tertiary treated water to CSTPS
- SCADA and Instrumentation

CSTPS is a thermal power plant of MAHAGENCO and requires water for operations like cooling tower and ash handling model. The construction and operations periods for the project are 2 years and 25 years, respectively. The concession agreement was signed on February 24, 2021, and the appointed date was August 23, 2021. The authority for the project is MAHAGENCO, while the local municipal body, i.e., Chandrapur Municipal Corporation (CMC) provides its sewage water, along with providing its existing STP. While MAHAGENCO is responsible for financing the payments to the SPV, the project is part-funded by CMC under the Atal Mission for Rejuvenation and Urban Transformation Mission (AMRUT) scheme.

Key financial indicators (audited)

CWWMPL	FY2024	FY2025
Operating income (Rs. crore)	13.8	44.8
PAT (Rs. crore)	3.8	10.5
OPBDIT/OI (%)	46.5%	49.4%
PAT/OI (%)	27.2%	23.5%
Total outside liabilities/Tangible net worth (times)	4.9	2.3
Total debt/OPBDIT (times)	10.0	2.5
Interest coverage (times)	3.9	4.2

Source: Company, ICRA Research; All ratios as per ICRA's calculations; Amount in Rs. crore
PAT: Profit after tax; OPBDIT: Operating profit before depreciation, interest, taxes and amortisation
Note: The company follows Ind AS and the key financial ratios are not representative of actual cash flows

Status of non-cooperation with previous CRA: Not applicable

Any other information: None

Rating history for past three years

Instrument		Current rating (FY2026)			Chronology of rating history for the past 3 years		
		Type	Amount rated (Rs. crore)	Date & rating in FY2026	Date & rating in FY2025	Date & rating in FY2024	Date & rating in FY2023
				Dec 08, 2025	Nov 12, 2024	Aug 28, 2023	May 04, 2022
1	Term loans	Long term	47.41	[ICRA]A- (Stable)	**[ICRA]BBB (Positive)**	**[ICRA]BBB- (Stable)**	**[ICRA]BBB-(Stable)**

Complexity level of the rated instruments

Instrument	Complexity indicator
Long-term fund based – Term loan	Simple

The Complexity Indicator refers to the ease with which the returns associated with the rated instrument could be estimated. It does not indicate the risk related to the timely payments on the instrument, which is rather indicated by the instrument's credit rating. It also does not indicate the complexity associated with analysing an entity's financial, business, industry risks or complexity related to the structural, transactional or legal aspects. Details on the complexity levels of the instruments are available on ICRA's website: Click here

Annexure I: Instrument details

ISIN	Instrument name	Date of issuance	Coupon rate	Maturity	Amount rated (Rs. crore)	Current rating and outlook
NA	**Term loan**	Sep 2022	NA	FY2037	47.41	[ICRA]A- (Stable)

Source: Company

[*Please click here to view details of lender-wise facilities rated by ICRA*]

Annexure II: List of entities considered for consolidated analysis – Not applicable

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