

Blue Planet Palakkad Waste Solutions Private Limited

January 07, 2025

Facilities/Instruments	Amount (₹ crore)	Rating ¹	Rating Action
Long Term Bank Facilities	74.00	CARE BBB-; Stable	Reaffirmed
Long Term / Short Term Bank Facilities	11.00	CARE BBB-; Stable / CARE A3	Reaffirmed

Details of instruments/facilities in Annexure-1.

Rationale and key rating drivers

The ratings assigned to the bank facilities of Blue Planet Palakkad Waste Solutions Private Limited (BPPWSPL) which is setting up a 200 tonnes per day (TPD) municipal solid waste management project derives strength from the experienced and resourceful promoters (Blue Planet Environmental Solutions Pte Ltd (BPESPL), Singapore) having presence in the same sector across various geographies. BPESPL through its Indian subsidiary Blue Planet Environmental Solutions India Private Limited (BPESIPL) shall support BPPWSPL in the form of required equity infusion, management expertise and technical knowhow. The ratings further take comfort from the financial closure achieved with State Bank of India (SBI), along with its diversified source of revenue, eligibility to avail viability gap funding and favourable policy framework by the government. The ratings also take cognizance of the fundraising ability of BPESPL for acquisitions as well as further expansion within the group.

The ratings, however, are constrained by the execution related challenges owing to the plant being in nascent stage of construction, commercial off-take risk on back of pending commercial agreement with any off-taker, however discussions are ongoing with Gas Authority of India Limited (GAIL) and Indian Oil Corporation (IOCL).

Rating sensitivities: Factors likely to lead to rating actions

Positive factors

- Successful commissioning of the project within the budgeted cost and envisaged timelines by March 2026.
- Stabilization of project post commencement of operations and achievement of envisaged revenue and profitability.

Negative factors

- Any delay in receipt of envisaged support from the parent BPESPL through its Indian subsidiary BPESIPL.
- Any significant time and/or cost overrun in the implementation of the project.

Analytical approach:

Standalone, factoring support from ultimate promoter Blue Planet Environmental Solutions Pte Ltd, Singapore through its Indian subsidiary Blue Planet Environmental Solutions India Private Limited in the form of required equity infusion, management expertise and technical knowhow.

Outlook: Stable

The Stable outlook reflects CARE Ratings' opinion that BPPWSPL will continue to benefit from the support extended by its ultimate parent Blue Planet Environmental Solutions Pte Ltd, Singapore through its Indian subsidiary BPESIPL in the form of equity infusion, management expertise and technical knowhow.

Detailed description of key rating drivers:

Key Strengths

Experienced and resourceful having presence in the same sector across various geographies

BPPWSPL is promoted by Blue Planet Environmental Solutions India Private Limited (BPESIPL) which is a step-down subsidiary of Blue Planet Environmental Solutions Pte Ltd. (BPESPL), Singapore. BPESPL is one of Asia's fastest-growing waste management companies and have acquired and partnered various companies in the waste management sector in countries like Singapore, Malaysia, UK etc. which has enabled the company to develop the technical knowhow on the implementation and development of waste management projects and benefit from the synergies created among these companies. In India, the group has setup more than 100 plants on the EPC mode across five states for several reputed. The group has also commissioned a project on integrated solid waste management project of 18 TPD processing capacity in Greater Noida on decentralized waste management door to door collection and processing of waste.

¹Complete definition of ratings assigned are available at www.careedge.in and other CARE Ratings Limited's publications.

Continuous support by promoters in the form of equity infusion, management expertise and technical knowhow
BPESPL through its Indian subsidiary BPESPL shall support BPPWSPL in the form of required equity infusion, management expertise and technical knowhow. BPESPL has last year raised funds on December 18, 2023, aggregating \$35 million from The Investment Funds for developing countries (IFU) with an objective to boost its capability in two key areas in India – landfill reclamation and e waste recycling. The management support is extended by the group as all the key management personnel in BPPWSPL are from the group entities. The management support is also evident from Blue planet investing in Zigma Global Environ Solutions Private Limited (CARE BBB; Stable / CARE A3) to support Zigma's operations by providing interest free unsecured loans. Going forward, any delay in envisaged support from the parent shall remain crucial from the credit perspective.

Diversified source of revenue

The project is designed to produce and sell compressed bio-gas (CBG), organic fertilizer and Refuse Derived Fuel (RDF). The company shall also receive a tipping fee for collection and transportation decided of Rs. 3590/ ton, which shall be revised each year in the month of April in proportion to the change in consumer price index agreement, and form substantial part of TOI. Nevertheless, the diversified revenue profile of the entity exhibits a higher degree of sustainability in cash flows.

Eligible to receive viability gap funding

The project is eligible to receive viability gap funding (VGF) as per Swachh Bharat Mission guidelines of Government of India. As per the guidelines, the per capita VGF has three sources of funding namely Government of India, State Government share, and urban local body share. The total VGF admissible for Solid waste management project is ~Rs. 686 per capita which is as per the population census. Palakkad cluster has the estimated population of 5.27 lacs, which translates into the VGF of ~Rs. 36 crore. The funding will be a milestone based with the first tranche to be released upon 20% completion of the plant construction activities followed by three more tranches till the plant achieves its COD and last tranche post achieving COD.

Key weaknesses

Execution related challenges owing to the plant being in execution phase.

The project is being set up with a total outlay of ~Rs.145.78 crore funded in the debt-to-equity ratio of 1.03:1, with debt amounting to Rs.74.00 crores, and balance in the form of promoter infusion (equity and unsecured loans) of Rs. 71.78 crore. The debt for the project has been tied up with State Bank of India (SBI). The site has been leased out by the SPV in February 2023 and as per the latest timeline, the project's compliance date (which is the date of financial closure) has been moved from December 31, 2023 to March 31, 2024, after which the commercial operation shall be achieved within the next 24 months, i.e. March 31, 2026. The company still expects the project to become operational by January 2026, however continues to remain exposed to execution risks which emanate from the implementation of the project. The ability of the company to execute the project without any time and cost overrun will remain a key credit monitorable.

Moderate Technology Risk

The bio-methanation process involves anaerobic digestion in digestors. Biogas generated from the digestors is purified and then compressed to produce the bio-CNG. Production is going to significantly depend on stable operations of the plant and quality of the input provided in the plant. The company will be using organic and inorganic waste generated and the proportion of which may vary depending on availability. Also, the lack of operational history of the plant to process the proposed raw material limits the technology risk assessment. However, this risk is somewhat mitigated by the management expertise of Blue Planet India, who have been managing a small scale municipal solid waste treatment and processing plant in Greater Noida, Uttar Pradesh based on the same anaerobic digestion which convert the waste into CBG and organic Manure. This plant was commissioned in July 2023 and is operating with processing capacity up to 18 tons per day (TPD) of waste.

Commercial closure yet to be achieved

The profitability of the project is partly dependent on the sale of CBG at remunerative prices. The company has signed an LOI with Indian Oil Corporation under the SATAT (Sustainable Alternative Towards Affordable Transportation) program however, company is yet to sign any commercial agreement. Further, the company is also in discussion with GAIL for the offtake. GAIL has setup it's gas pipelines for transportation of CBG/CNG, and the pipeline is in very close vicinity to the plant which would save the company logistics costs for transportation of the gas. There has been no written representation of interest or MOU with GAIL in this regard as of now. The commercial agreement is expected to be signed 4-6 months prior to the scheduled commercial operation date.

Further the company will also sign an agreement with FACT (The Fertilisers and Chemicals Travancore Limited) to sell organic manure at ~Rs. 3.5/ kg. RDF will be sold locally to either cement plants nearby or to Govt as per Guidelines for RDF of various Industries, 2018. In the absence of any commercial agreement, the company is exposed to risks related to commercial offtake. However, if such agreements does not happen in a timely manner, the company has to look for various other alternatives to sell the final product.

Liquidity: Adequate

The liquidity profile of the company is supported by resourceful promoter BPESPL which shall support the entity by infusing funds in case of any exigencies. The company does not have any repayment obligation in near term and in the coming years, sufficient cushion is expected in cash accruals vis-a-vis repayment obligations. As on March 31, 2024, the unsecured loan in the company by the promoter stood at Rs. 25.00 crore. Moreover, the liquidity profile will be driven by timely commissioning of the project as per the scheduled time and the company's ability to successfully ramp up its operations.

Applicable criteria

[Definition of Default](#)

[Liquidity Analysis of Non-financial sector entities](#)

[Rating Outlook and Rating Watch](#)

[Financial Ratios – Non financial Sector](#)

[Short Term Instruments](#)

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About the company and industry

Industry classification

Macroeconomic indicator	Sector	Industry	Basic industry
Utilities	Utilities	Other Utilities	Waste Management

Blue Planet Palakkad Waste Solutions Private Limited (BPPWSPL) is an SPV incorporated on February 14, 2020, by Blue Planet Environmental Solutions India Private Limited (BPESIPL- 74% shareholding) and Organic recycling systems private limited (ORSPL- 26% shareholding). The objective of the SPV is to setup an Integrated solid waste management facility with a waste to energy project of a minimum processing capacity of 200 Tons Per day (TPD) based on design, build, finance, operate and transfer (DBFOT) in Kanjikode, Palakkad district, Kerala. The concession period is pre-determined and fixed as twenty-five years from the date of commencement of commercial operation of the plant, which shall be achieved within two years from the date of compliance of conditions precedent. Thus, the total period of concession shall be not exceeding twenty-seven years. The major set of activities to be carried by the SPV include collection, transportation, segregation, processing, disposal of all types of waste products at the designated land site provided by KSIDC (Kerela State Industrial Development Corporation).

Brief Financials (₹ crore)	March 31, 2023 (A)	March 31, 2024 (A)
Total operating income	0.00	0.00
PBILDT	-0.02	-0.03
PAT	-0.10	-0.11
Overall gearing (times)	NM	NM
Interest coverage (times)	NM	NM

A: Audited, NM: Not meaningful; Note: these are latest available financial results

Status of non-cooperation with previous CRA: Not Applicable

Any other information: Not Applicable

Rating history for last three years: Annexure-2

Detailed explanation of covenants of rated instrument / facility: Annexure-3

Complexity level of instruments rated: Annexure-4

Lender details: Annexure-5

Annexure-1: Details of instruments/facilities

Name of the Instrument	ISIN	Date of Issuance (DD-MM-YYYY)	Coupon Rate (%)	Maturity Date (DD-MM-YYYY)	Size of the Issue (₹ crore)	Rating Assigned and Rating Outlook
Fund-based - LT-Term Loan		-	-	March 2038	74.00	CARE BBB-; Stable
Fund-based - LT/ ST-Working Capital Limits		-	-	-	6.00	CARE BBB-; Stable / CARE A3
Non-fund-based - LT/ ST-Bank Guarantee		-	-	-	5.00	CARE BBB-; Stable / CARE A3

Annexure-2: Rating history for last three years

Sr. No.	Name of the Instrument/Bank Facilities	Current Ratings			Rating History			
		Type	Amount Outstanding (₹ crore)	Rating	Date(s) and Rating(s) assigned in 2024-2025	Date(s) and Rating(s) assigned in 2023-2024	Date(s) and Rating(s) assigned in 2022-2023	Date(s) and Rating(s) assigned in 2021-2022
1	Fund-based - LT/ ST-Working Capital Limits	LT/ST	6.00	CARE BBB-; Stable / CARE A3	-	1)CARE BBB-; Stable / CARE A3 (10-Jan-24)	-	-
2	Non-fund-based - LT/ ST-Bank Guarantee	LT/ST	5.00	CARE BBB-; Stable / CARE A3	-	1)CARE BBB-; Stable / CARE A3 (10-Jan-24)	-	-
3	Fund-based - LT-Term Loan	LT	74.00	CARE BBB-; Stable	-	1)CARE BBB-; Stable (10-Jan-24)	-	-

LT: Long term; LT/ST: Long term/Short term

Annexure-3: Detailed explanation of covenants of rated instruments/facilities: Not Applicable

Annexure-4: Complexity level of instruments rated

Sr. No.	Name of the Instrument	Complexity Level
1	Fund-based - LT-Term Loan	Simple
2	Fund-based - LT/ ST-Working Capital Limits	Simple
3	Non-fund-based - LT/ ST-Bank Guarantee	Simple

Annexure-5: Lender details

To view the lender wise details of bank facilities please [click here](#)

Note on complexity levels of rated instruments: CARE Ratings has classified instruments rated by it based on complexity. Investors/market intermediaries/regulators or others are welcome to write to care@careedge.in for clarifications.

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About us:

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