

OM APARAJITHE SOLID WASTE MANAGEMENT LLP

January 02, 2026

Facilities/Instruments	Amount (₹ crore)	Rating ¹	Rating Action
Long Term Bank Facilities	4.25 (Reduced from 10.62)	CARE B+; Stable	Downgraded from CARE BB-; Stable
Long Term / Short Term Bank Facilities	29.75 (Enhanced from 23.38)	CARE B+; Stable / CARE A4	LT rating downgraded from CARE BB-; Stable and ST rating reaffirmed

Details of instruments/facilities in Annexure-1.

Rationale and key rating drivers

The downgrade in the ratings assigned to the bank facilities of OM Aparajithe Solid Waste Management LLP (OMASWML) factors in significant delay in execution and billing of EPC projects resulting in company reporting a significantly lower revenue for FY25 as against our projection of Rs.25 crore in FY25 considered at the time of last review, and highly stretched working capital cycle, as reflected in elevated inventory and operating cycle days during FY25. Further, rating continues to remain constrained by small scale of operation, the company's business profile is exposed to counterparty concentration risk, given complete dependence on BSWML, and project execution risk, as the EPC projects have been delayed due to non-availability of usable land. The sharp increase in leverage in FY25, with overall gearing rising to 2.88x, also constrains the financial risk profile.

However, the ratings weaknesses remain offset by the in the promoters' experience in infrastructure-related activities and the company's association with Bangalore Solid Waste Management Limited (BSWML) for waste processing and EPC execution. The ratings also draw comfort from the receipt of EPC orders aggregating around ₹61 crore along with long-term O&M contracts of around ₹58 crore, which provide revenue visibility over the medium term once execution commences.

Rating sensitivities: Factors likely to lead to rating actions

Positive factors

- Timely execution of ongoing orders within envisaged time and cost parameters, and achievement of envisaged scale of operations and profitability.

Negative factors

- Moderation in capital structure marked by overall gearing beyond 2.0x on sustained basis.
- Deterioration in debt coverage indicators marked by interest coverage ratio below 1.5x on sustained basis.
- Any further delay inland handover or commencement of project execution, resulting in continued deferment of EPC works and their corresponding billing as well as a collection, thereby impacting the liquidity profile of the company.

Analytical approach: Standalone

Outlook: Stable

The stable outlook reflects CARE Ratings Limited's (CARE Ratings') opinion that firm will benefit from its experienced promoters and low counterparty risk.

Detailed description of key rating drivers:

Key weaknesses

Small scale of operations with sharp deviation from projections

The company reported total operating income of ₹0.98 crore in FY25 against earlier expectations of ₹25 crore, primarily due to non-commencement of EPC execution. Although YTD FY26 revenue stood at ₹1.16 crore (as of December 15, 2025) as a result of continued delay in handover of land by the authority for the project execution. Although, there has been an improvement in scale as compared to previous year the scale remain small thus limiting financial flexibility and ability to absorb execution delays.

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

Project execution risk due to land-related delays

Execution of the EPC projects has been significantly delayed as the land allotted by BSWML was found unsuitable due to rocky terrain and required levelling. As a result, only compound wall construction of about ₹7 crore has been completed till Dec 15, 2025, but remains unbilled. The land is now expected to be handed over only by FY26 end, exposing the company to execution and cash flow risk.

Highly stretched working capital cycle

Working capital indicators deteriorated sharply in FY25, with inventory days increasing to 830 days and operating cycle extending to 957 days, driven by work-in-progress and advances to suppliers for EPC activities and simultaneous nil revenue booked for the same. Net cash flow from operations remained negative at ₹4.09 crore in FY25, reflecting stress on liquidity.

High counterparty concentration risk

The company's entire business is dependent on BSWML for both waste management services and EPC/O&M contracts. Any delay in approvals, payments, or change in contractual terms with BSWML could materially impact operations and cash flows.

Leveraged capital structure in FY25

Total debt increased to ₹6.04 crore as on March 31, 2025, leading to an overall gearing of 2.88x. Although part of the term loan has been repaid using customer advances, the capital structure remains stretched for the current scale of operations.

Competitive and fragmented industry with tender driven nature of operations

OASWML operates in a highly competitive industry with stiff competition from both organized and unorganized players. This limit bargaining power and pressures profit margins. Furthermore, OASWML primarily relies on government projects exposing it to tender-based risks.

Key strengths**Experienced promoters and established relationship with municipal authority**

OASWML is managed by five partners with significant experience in the solid waste management industry. Mr. S.N Balasubramaniam and Mr. Vikramdeva Reddy are registered BBMP (Bruhat Bengaluru Mahanagar Palike) contractors with a decade of experience in solid waste management. Mr. Vishwaksena Reddy and Mr. Dileep have around five years of experience. Moreover, the partners have committed to infuse funds to fund shortfall that may arise due to delay in payment from counterparty.

Revenue visibility from EPC and O&M contracts

The company has received six EPC orders aggregating about ₹61 crore along with O&M contracts of approximately ₹58 crore to be executed at the same location. Once execution begins, these contracts are expected to provide medium-term revenue visibility. The receipt of customer advances of ₹4.54 crore as on December 15, 2025, indicates commitment from the counterparty.

Improvement in operating margins at current scale

Despite modest revenue, PBILDT margins improved to 27.94% in FY25 from 17.54% in FY24, driven by higher billing intensity and operating leverage in waste management services. However, sustainability of margins will depend on scaling up EPC execution.

Favourable growth prospects with increase in thrust of government on waste management

The waste management industry benefits from government policies, regulations and various cleanliness missions, such as Swachh Bharat Mission and the clean ocean mission. The Prime Minister's focus on dedicated Material Recovery Facilities for recycling and promoting circular economy, apart from regional solid waste management schemes like Shubra Bengaluru and Amrutha Nagarothanna scheme provides the boost to the industry.

Liquidity: Stretched

Liquidity is stretched, marked by negative cash flow from operations in FY25, high working capital absorption, and delayed billing of completed work. While the current ratio stood at 2.60x as on March 31, 2025, this was supported largely by advances and unbilled WIP rather than steady operating cash inflows. Timely execution and billing of EPC contracts, along with disciplined working capital management, will be crucial to improve liquidity going forward.

Assumptions/Covenants: Not applicable

Environment, social, and governance (ESG) risks: Not applicable

Applicable criteria

- [Definition of Default](#)
- [Liquidity Analysis of Non-financial sector entities](#)
- [Rating Outlook and Rating Watch](#)
- [Financial Ratios – Non financial Sector](#)
- [Service Sector Companies](#)
- [Short Term Instruments](#)

About the company and industry

Industry classification

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

Constituted in February 2021, OASWML is engaged in execution of solid waste management contracts in Bengaluru, Karnataka. Currently firm has been awarded orders for supply, installation, erection and O&M for animal incineration and rendering, sanitary waste processing and bio-methanisation project. The firm is managed by partners Mr. S N Balasubramaniam, Mr. Vikramdeva Reddy, Mr. Vishwak Sena Reddy, Mr. Haleesh and Mr. Dileep Kumar.

Brief Financials (₹ crore)	March 31, 2024 (A)	March 31, 2025 (A)
Total operating income	0.74	0.98
PBILDT*	0.13	0.27
Profit after tax (PAT)	0.09	0.13
Overall gearing (x)	0.28	4.10
Interest coverage (x)	162.27	0.00

A: Audited UA: Unaudited; Note: these are latest available financial results

*PBILDT: Profit before interest, lease rentals, depreciation and tax

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	Coupon Rate (%)	Maturity Date	Size of the Issue (₹ crore)	Rating Assigned and Rating Outlook
Fund-based/Non-fund-based-LT/ST		-	-	-	24.81	CARE B+; Stable / CARE A4
Non-fund-based - LT/ ST-Bank Guarantee		-	-	-	4.94	CARE B+; Stable / CARE A4
Term Loan-Long Term		-	-	-	4.25	CARE B+; Stable

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 2025-2026	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
1	Term Loan-Long Term	LT	4.25	CARE B+; Stable	-	1)CARE BB-; Stable (18-Dec-24)	-	-
2	Non-fund-based - LT/ ST-Bank Guarantee	LT/ST	4.94	CARE B+; Stable / CARE A4	-	1)CARE BB-; Stable / CARE A4 (18-Dec-24)	-	-
3	Fund-based/Non-fund-based-LT/ST	LT/ST	24.81	CARE B+; Stable / CARE A4	-	1)CARE BB-; Stable / CARE A4 (18-Dec-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/Non-fund-based-LT/ST	Simple
2	Non-fund-based - LT/ ST-Bank Guarantee	Simple
3	Term Loan-Long Term	Simple

Annexure-5: Lender details

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

Note on complexity levels of rated instruments: CareEdge 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.

Contact us

<p>Media Contact</p> <p>Mradul Mishra Director CARE Ratings Limited Phone: +91-22-6754 3596 E-mail: mradul.mishra@careedge.in</p> <p>Relationship Contact</p> <p>Saikat Roy Senior Director CARE Ratings Limited Phone: 912267543404 E-mail: saikat.roy@careedge.in</p>	<p>Analytical Contacts</p> <p>Karthik Raj K Director CARE Ratings Limited Phone: 080- 46625555 E-mail: karthik.raj@careedge.in</p> <p>Manohar S Annappanavar Associate Director CARE Ratings Limited Phone: +91-80-46625525 E-mail: manohar.annappanavar@careedge.in</p> <p>Ritik Agrawal Analyst CARE Ratings Limited E-mail: Ritik.agarwal@careedge.in</p>
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