Press Release
MAHARASHTRA ENVIRO POWER LIMITED
September 01, 2025
Rating Reaffirmed

Product	Quantum (Rs. Cr)	Long Term Rating	Short Term Rating
Bank Loan Ratings	174.00	ACUITE BBB+ | Stable | Reaffirmed	-
Total Outstanding Quantum (Rs. Cr)	174.00	-	-
Total Withdrawn Quantum (Rs. Cr)	0.00	-	-

Rating Rationale

Acuité has reaffirmed the long-term rating of **'ACUITE BBB+' (read as ACUITE triple B plus)** on the Rs. 174.00 Cr. bank facilities of Maharashtra Enviro Power Limited (MEPL). The outlook is **'Stable'**.

Rationale for the rating
The rating reaffirmation takes into account sustained scale of operations with moderate improvement over the past two years and healthy financial risk profile, in line with Acuité's expectations. Further, the rating continues to draw benefit from established track record and experience of the promoters and presence of exclusive business contract giving operational comfort. However, the rating is constrained by significant amounts of investments and interest free loans and advances given to its group companies which remains a key rating monitorable.

About the Company

Incorporated in 2005, Maharashtra Enviro Power Limited (MEPL) is a Nagpur based company engaged into common waste treatment and disposal of all kinds of industrial waste generated in Maharashtra. The company is a part of SMS Limited Group. The company is the sole concessionaire for collection and management of all industrial waste generated in Maharashtra (excluding Mumbai and Konkan region) awarded with a project jointly by Maharashtra Industrial Development Corporation (MIDC) & Maharashtra Pollution Control Board (MPCB) vide agreement dated 13 August 2004 on built on a build, own, operate and transfer (BOOT) basis. Further, the entity commenced operations in 2007 at its two facilities in Pune and Nagpur wherein all the industrial waste collected from Vidharbha region is treated at the Nagpur facility and all the industrial waste collected from other parts of Maharashtra is treated at the Pune facility. The directors of the company are Mr. Rakesh Kumar Mishra and Mr. Asif Abu Muzzafar Hussain, Mr. Prashant Mahadeorao Maske, Mr. Rakesh Kumar Mishra, Mr. Hemant Kumar Lodha, Mr. Satish Wate, Mr. Avinash Bawane, Ms. Anita Rao and Ms. Premlata Gaurav Saboo.

Unsupported Rating

Not Applicable.

Analytical Approach

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

Key Rating Drivers

Strengths

Established promoter group
MEPL is a 100% subsidiary of SMS Envocare Limited which in turn is wholly owned by SMS Limited. SMS Limited (SMSL) (erstwhile known as SMS Infrastructure Limited), was established in the year 1963 by Late Mr. Shaktikumar M. Sancheti as a proprietary concern and is now promoted by Mr. Anand Sancheti, Mr. Parmveer Sancheti, Mr. Nirbhay Sancheti and Mr. Akshay Sancheti;, engaged into civil construction works via EPC route. Further, the flagship company has diversified its operations into mining, irrigation, road and bridges construction, operating and maintenance of roads, waste management, airports, toll management, electrical works and railways.

Exclusive tie up with state authorities thereby limiting competition

MEPL was incorporated as a special purpose vehicle (SPV) by SMS Limited based on a contract for a joint project between Maharashtra Industrial Development Corporation (MIDC) and Maharashtra Pollution Control Board (MPCB) with commencement of facility in 2007. According to the contract, MEPL is the sole concessionaire for collection, disposal and treatment of industrial waste collected in Maharashtra (excluding Mumbai and Konkan region). The company has to provide operating services for 20 years (or till the exhaustion of the allocated landfill area; whichever is later) and post monitoring and maintenance services for 30 years. Further, no alternate facility is likely to be supported or authorized by MIDC till the completion of concession period. Additionally, increase in push by the government for affluent waste treatment in order to maintain a clean and green environment and thereby supporting growth initiatives to curb unhygienic hazardous waste disposal benefits the company. It also gives MEPL flexibility in terms of deciding the rates for collection, disposal and treatment of industrial waste, within the rate cap prescribed by MIDC. Therefore, on an operational level revenues have improved from Rs.162.05 Cr. in FY23 to Rs .204.66 Cr. in FY25 (Prov.) with healthy margins at ~65%.

Healthy financial risk profile

The financial risk profile of the company is healthy marked by improving net-worth, moderate debt profile and improving debt protection metrics. The total debt of the company stood at Rs.168.96 Cr. in FY25(Prov.) as against Rs.243.75 Cr in FY24. Further, MEPL's net worth stood at Rs.321.26 Cr. on 31st March, 2025 (Prov.) as against Rs.272.96 Cr. as on 31st March, 2024. Therefore, on account of reducing debt and improving net worth, the gearing lowered to 0.53 times as on 31st March, 2025 (Prov.) as against 0.89 times as on 31st March, 2024. The debt protection metrics also stood healthy with interest coverage ratio (ICR) of 6.63 times in FY25(Prov.) as against 5.02 times in FY24. Further, the Debt Service Coverage Ratio (DSCR) stood at 1.78 times during FY25(Prov.) as against 1.42 times during FY24. Additionally, MEPL has extended corporate guarantee to Ponda Envocare Limited to the extent of Rs.20 Cr.

Going ahead, the company is expected to maintain its healthy financial risk profile on account of improvement in profitability and no significant debt.

Weaknesses

Significant exposure to group companies

MEPL has made significant amount of investments along with loans and advances to various group companies to the extent of ~Rs.230.00 Cr. and investments of ~Rs.147 Cr. (~117% of the total net-worth) during FY25(Prov.) to group companies to support for their operations. These are interest free loans and repayable on demand. Therefore, recoverability of these investments and loans continues to be key rating monitorable. Further, the working capital limits remain highly utilized at ~93 percent for the last 6 months ended April, 2025.

Rating Sensitivities

- Any significant changes in the operational revenues & margins.
- Additional exposure to group companies through investments and loans and advances.
- Any significant changes in the financial risk profile.

Liquidity Position

Adequate

The liquidity position of the company is adequate as reflected from sufficient net cash accruals (NCA) of Rs.87.13 Cr. during FY25(Prov.) which comfortably meets the maturing debt obligations of Rs.39.97 Cr. Additionally, company is expected to generate cash accruals in the range of Rs.100-110 Cr. over the medium term, while repayment obligations are expected to be in the range of Rs.35-40 Cr. for the same period. The cash and bank balance stood at Rs.0.05 Cr. during FY25(Prov.) as against Rs.2.28 Cr. in FY24. Further, the current ratio stood healthy at 2.40 times during FY25(Prov.). However, working capital limit remained high at ~93 percent for the last 6 months ended April, 2025.

Outlook: Stable

Other Factors affecting Rating

None.

Key Financials

Particulars	Unit	FY 25 (Provisional)	FY 24 (Actual)
Operating Income	Rs. Cr.	204.66	202.15
PAT	Rs. Cr.	47.60	83.24
PAT Margin	(%)	23.26	41.18
Total Debt/Tangible Net Worth	Times	0.53	0.89
PBDIT/Interest	Times	6.63	5.02

Status of non-cooperation with previous CRA (if applicable)

Not Applicable.

Any other information

None.

Applicable Criteria

• Default Recognition :- https://www.acuite.in/view-rating-criteria-52.htm
• Service Sector: https://www.acuite.in/view-rating-criteria-50.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

Date	Name of Instruments/Facilities	Term	Amount (Rs. Cr)	Rating/Outlook
04 Jun 2024	Term Loan	Long Term	173.04	ACUITE BBB+ | Stable (Assigned)
	Proposed Long Term Bank Facility	Long Term	0.96	ACUITE BBB+ | Stable (Assigned)

Annexure - Details of instruments rated

Lender's Name	ISIN	Facilities	Date Of Issuance	Coupon Rate	Maturity Date	Quantum (Rs. Cr.)	Complexity Level	Rating
Not Applicable	Not avl. / Not appl.	Proposed Long Term Bank Facility	Not avl. / Not appl.	Not avl. / Not appl.	Not avl. / Not appl.	46.97	Simple	ACUITE BBB+ | Stable | Reaffirmed
Aditya Birla Finance Limited	Not avl. / Not appl.	Term Loan	30 Sep 2024	Not avl. / Not appl.	30 Sep 2029	41.22	Simple	ACUITE BBB+ | Stable | Reaffirmed
Axis Finance Limited	Not avl. / Not appl.	Term Loan	30 Sep 2023	Not avl. / Not appl.	30 Sep 2029	85.81	Simple	ACUITE BBB+ | Stable | Reaffirmed

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About Acuité Ratings & Research

Acuité is a full-service Credit Rating Agency registered with the Securities & Exchange Board of India (SEBI). The company received RBI Accreditation as an External Credit Assessment Institution (ECAI) for Bank Loan Ratings under BASEL-II norms in the year 2012. Acuité has assigned ratings to various securities, debt instruments and bank facilities of entities spread across the country and across a wide cross section of industries. It has its Registered and Head Office in Kanjurmarg, Mumbai.

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