

MVR Technology

September 05, 2025

Facilities/Instruments	Amount (₹ crore)	Rating ¹	Rating Action
Long Term Bank Facilities	22.00	CARE BB-; Stable; ISSUER NOT COOPERATING*	Downgraded from CARE BB; Stable and moved to ISSUER NOT COOPERATING category
Long Term / Short Term Bank Facilities	13.00	CARE BB-; Stable / CARE A4; ISSUER NOT COOPERATING*	LT rating downgraded from CARE BB; Stable and ST rating reaffirmed and moved to ISSUER NOT COOPERATING category

Details of instruments/facilities in Annexure-1.

*Issuer did not cooperate; based on best available information.

Rationale and key rating drivers

CARE Ratings Ltd has been seeking information from MVR Technology (MVR) to monitor the ratings vide e-mail communications/letters dated May 08,2025, to July 25,2025 and numerous phone calls. However, despite our repeated requests, the company has not provided the requisite information for monitoring the ratings. In line with the extant SEBI guidelines, CARE Ratings Ltd. has reviewed the ratings on the basis of the best available information which however, in CARE Ratings Ltd.'s opinion is not sufficient to arrive at a fair rating. The rating on TCPL's bank facilities will now be denoted as CARE BB-; Stable; ISSUER NOT COOPERATING for long term rating and CARE A4; ISSUER NOT COOPERATING for short term rating*.

Users of this rating (including investors, lenders and the public at large) are hence requested to exercise caution while using the above rating(s).

The ratings have been migrated to INC category due to non-availability of requisite information due to non-cooperation by MVR Technology with CARE'S efforts to undertake a review of the rating outstanding. CARE Ratings views information availability risk as a key factor in its assessment of credit risk.

The revision in rating is on account non availability of information in terms of financial as well as operational performance. The rating remains constrained due to scale of operation that remained small during FY24 (Prov.) [FY refers to the period April 01 to March 31], deterioration in capital structure and debt coverage indicators and elongated operating cycle. The rating continues to derive strength from vast experience of promoters in garment industry, long standing relationship with the suppliers and manufacturers, improvement in total operating income in FY23 (A), assets light business model coupled with adequate liquidity. However, the rating is constrained by highly competitive nature of the industry along with increase in competition in branded apparel segment, wide distribution network albeit geographic concentration.

Rating sensitivities: Factors likely to lead to rating actions: Not applicable

Analytical approach: Standalone

Outlook: Stable

The 'Stable' outlook on the ratings of MVR reflects CARE's expectation to sustain its stable financial risk profile and no significant increase in debt levels in medium term.

Detailed description of key rating drivers:

Key weaknesses

Operating margins exposed to variation in waste quantity and input cost: The PBILDT margins of MVR remained rangebound from 6.55% to 9%. The volatility is on account of fluctuations in waste received and input costs. Furthermore, unanticipated increase in input costs may also impact margins in future.

Stretched albeit improvement in operating cycle: The operating cycle of the firm remained stretched at 132 days for FY24 on account of high collection period. However, the same is better compared to its peers in the industry. The company raises bills within a span of 2 months, basis on the completion of certain percentage of work and thereon which gets acknowledge by client after necessary inspection of work done by the respective departments. Post the inspection, department clears the payment within 1-2 months (maximum) by deducting certain percentage of bill raised (ranging from 10% of bill amount) in the form of retention money, which they refund post completion of defect liability period leading to elongated collection period of 99 days.

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

The firm receives an average credit period of around 1-2 months from its suppliers. Despite the same, it intends to clear the creditor payments much quicker resulting in lower creditor days. The average utilization of working capital limits remained around 66.78% utilized for past 12 months ending March 31, 2024.

Constitution of the entity as a partnership firm: The firm is constituted as a partnership firm with inherent risks associated with limited financial flexibility, withdrawal of the partners' capital and the firm being dissolved upon the retirement/insolvency/passing of the partner due to the nature of constitution. The partners have infused funds and one instance of withdrawal of funds in the last 4 years ended FY24. Net infusion of funds stood at Rs.15.95 crore. The partner had confirmed that they are willing to support the business by way of fund infusion in case of any additional requirements.

Geographical concentration risk: The operations of MVR pertaining to FSTP project are restricted to single state of Rajasthan. However, the firm is participating in tenders of other municipal corporations given the expertise of firm in creating end to end infrastructure for the collection, storage, and treatment of the faecal sludge.

Exposure to receivables from municipal authorities: Given that the firm is currently executing orders for ULBs based in Rajasthan, there is an inherent risk of delays in recovery of outstanding amount from the municipal corporation. However, till date, the firm did not face any issues with respect to the collections received in the state of Rajasthan. The firm is also exploring to bag orders from local bodies of in different geographies which may expose them to the risk of delays in recoveries.

Competitive and fragmented nature of industry: Though the demand prospects in water and wastewater treatment plants, market is favourable in industry, the firm remains exposed to the competitive pressure from other established players. Furthermore, the construction industry is fragmented with large number of small and medium scale players. This along with the tender driven nature of the plant construction contracts leads to intense competition and puts pressure on the profitability margins of players.

Key strengths

Established presence of partners in the business of waste management: The firm is managed by M Venkateswara Rao and M Gowtham Srinivas. The partners have vast experience of over a decade in manufacturing of weighing scales and waste management industry. The firm has well experienced second line of management having experience of around one decade in their respective fields. Partners expertise and understanding of industry enables firm to bid for better tenders and maintain relations with its stakeholders. The activities carried out by the firm include collection and transportation (C&T) of FSTP, Mechanized Primary collection of Faecal sludge, treatment of sludge into green water, etc.

Moderate albeit growing scale of operation: The firm has been manufacturing weighing scales used to weigh children, Women, weigh bridges used to weigh trucks, etc. During FY22-23 the firm has voyaged into the Faecal sludge treatment plant (FSTP) project where the firm has to set up the FSTP Plant and carry the faecal sludge from surrounding areas to the treatment plant through trucks which are provided by government. This involves the setting up of machineries and other EPC work required for the plant.

The TOI of the firm has witnessed increasing trend since its inception. The firm has a moderate scale of operations with a total operating income (TOI) of Rs.141.55 crore and gross cash accruals (GCA) of Rs.8.52 crore respectively, during FY24 (Prov.). The firm had reported a revenue of Rs.58 crore in Q1FY25 which is about 23% of expected revenue for FY25. The firm projected a revenue of Rs.250 crore for FY25 given the existing orders in hand.

Further, the firm has an order book to construct and operate 31 Faecal Sludge Treatment Plants and 30-35 new sanitation projects which is expected to be around Rs.533.47 crore to be completed over next 2 years. This apart MVR will also receive O&M revenue of Rs.10.67 crore spread over a period of next 10 years.

Moderate capital structure and debt coverage indicators: As on March 31, 2024, the debt profile of the firm comprises of term loan of Rs. 2.03 crore and working capital borrowings of Rs. 44.78 crore. The increase in working capital requirement is towards increasing scale of operation and higher requirement of working capital for the FSTP project. The capital structure of the firm stood moderate as on the past four balance sheet dates ending March 31, 2024. The overall gearing ratio deteriorated and stood at 1.32x as on March 31,2024 as against 0.87x as on March 31,2023 on account of increase in working capital utilisations coupled with moderate networth base. Further, owing to stable profitability margins and limited debt levels, the debt coverage indicators of the firm stood moderate as marked by interest coverage ratio at 5.29x. Total debt to GCA remained high at 5.50x respectively for FY24.

Stable industry outlook: Urban India has made significant strides towards safe sanitation under the government's flagship Swachh Bharat Mission–Urban. However, delivering access to toilets or sewer connections is only a part of the solution. Without adequate and timely desludging of septic tanks and treatment of faecal sludge and septage it is dumped untreated in open fields and water bodies, exposing citizens to serious health and environmental hazards. Cognizant of the implications, conversations in urban sanitation have expanded beyond toilet infrastructure to safe desludging, treatment, and reuse of human waste. The National Faecal Sludge and Septage Management Alliance (NFSSMA) has actively supported the sanitation movement in India, by catalysing action towards safe and sustainable human waste management at the national, state, and city levels. Working in close

partnership with the Government of India, the Alliance helped in accelerating the launch of the National Faecal Sludge and Septage Management (FSSM) policy in 2017. Since then, the Alliance has continued to work with the national, state and city governments to strengthen the foundation of urban India's faecal sludge management in urban India, especially championing inclusive, safe, and equitable sanitation approaches.

Given the far-reaching implications and multi-dimensional nature of FSSM, state, and city governments need to invest in sustained capacity-building efforts. Various training modules, designed for multiple stakeholders and curated to capture local contexts, NFSSM Alliance partners have collaboratively developed. These modules are readily available through the Sanitation Capacity Building Platform.

Liquidity: Adequate

The liquidity position of the firm remained adequate as characterized by moderate utilisation of working capital limits of around 68% for the past twelve-month ending March 31, 2024. The firm has low cash and bank balance of Rs.0.26 crore. Further, the firm has reported gross cash accruals to the extent of Rs.8.52 crore during FY24 as against the debt repayment obligation of Rs.0.20 crore which provides sufficient cushion in case of any exigencies. GCA is expected increase going forward.

Assumptions/Covenants: Not applicable

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

Applicable criteria

[Definition of Default](#)

[Information Adequacy Risk and Issuer Non-Cooperation](#)

[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

MVR Technology is a partnership firm established on June 30, 2019. The firm is managed by Mr. Mannava Venkateswara Rao and Mr. Mannava Gowtham Srinivas. MVR is engaged in manufacturing and sale of weigh bridges and its accessories, etc. and other allied activities. The firm majorly deals in manufacturing weighing scales used to weigh children, women, weigh bridges used to weigh trucks. This apart, the firm also entered into an execution of EPC works in the state of Rajasthan which involves construction of FSTPs and installation of required equipment in the plant. These orders are floated by Urban Local Bodies (ULBs) in the state of Rajasthan. Further MVR also does O&M for the project undertaken.

Brief Financials (₹ crore)	March 31, 2023 (A)	March 31, 2024 (UA)
Total operating income	70.03	141.55
PBILDT	6.06	10.50
PAT	3.28	7.54
Overall gearing (times)	0.87	1.32
Interest coverage (times)	3.06	5.29

A: Audited UA: Unaudited; 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-Cash Credit		-	-	-	22.00	CARE BB-; Stable; ISSUER NOT COOPERATING*
Non-fund-based - LT/ ST-Bank Guarantee		-	-	-	13.00	CARE BB-; Stable / CARE A4; ISSUER NOT COOPERATING*

*Issuer did not cooperate; based on best available information.

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	Fund-based - LT-Cash Credit	LT	22.00	CARE BB-; Stable; ISSUER NOT COOPERATING*	-	1)CARE BB; Stable (30-Aug-24)	-	-
2	Non-fund-based - LT/ ST-Bank Guarantee	LT/ST	13.00	CARE BB-; Stable / CARE A4; ISSUER NOT COOPERATING*	-	1)CARE BB; Stable / CARE A4 (30-Aug-24)	-	-

*Issuer did not cooperate; based on best available information.

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-Cash Credit	Simple
2	Non-fund-based - LT/ ST-Bank Guarantee	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

Media Contact Mradul Mishra Director CARE Ratings Limited Phone: +91-22-6754 3596 E-mail: mradul.mishra@careedge.in	Analytical Contacts Karthik Raj K Director CARE Ratings Limited Phone: +91-80-4662 6666 E-mail: karthik.raj@careedge.in
Relationship Contact Saikat Roy Senior Director CARE Ratings Limited Phone: 912267543404 E-mail: saikat.roy@careedge.in	Y Tejeshwar Reddy Associate Director CARE Ratings Limited Phone: +91-040-4010 2030 E-mail: Tejeshwar.Reddy@careedge.in
	Saba Shaikh Lead Analyst CARE Ratings Limited E-mail: Saba.Shaikh@careedge.in

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