

M.V.V. SATYANARAYANA

February 20, 2026

Facilities/Instruments	Amount (₹ crore)	Rating ¹	Rating Action
Long-term bank facilities	16.00	CARE BBB-; Stable	Assigned
Long-term / Short-term bank facilities	49.00	CARE BBB-; Stable / CARE A3	Assigned

Details of instruments/facilities in Annexure-1.

Rationale and key rating drivers

Ratings assigned to bank facilities of M.V.V. SATYANARAYANA (MVVS) derive strength from its long-standing track record in executing railway civil work contracts for over three decades, supported by established operational capabilities and strong orderbook position backed by sizable order additions resulting in consequential growth in scale of operations. The order book is geographically diversified although client concentrated persists as almost all orders are from Indian Railways.

However, rating strengths are tempered by low net worth base, moderate profitability due to significant dependence on sub-contracting amid intense competition. The business is working-capital intensive considering retention/security deductions, performance guarantee requirements and elongated execution cycles with gross current assets days (GCA days) at 194 days in FY25. Tender-driven business operations and the partnership constitution, which carries an inherent risk of capital withdrawals, are other credit deterrents.

Rating sensitivities: Factors likely to lead to rating actions

Positive factors

- Improvement in operating income to above ₹350 crore while maintaining profit before interest, lease rentals, depreciation and taxation (PBILDT) margin of ~6% on a sustained basis.
- Notable strengthening of net worth base, backed by improvement in profits and no further withdrawal of capital by partners.

Negative factors

- Elongation in operating cycle resulting in negative operational cashflows, impacting the company's liquidity profile
- Delaying execution of orders impacting growth in scale of operations and PBILDT margins falling below 5% on a sustained basis
- Total outside liabilities to tangible net worth stood (TOL/TNW) deteriorating beyond 3x.

Analytical approach: Standalone

Outlook: Stable

The outlook is expected to remain stable supported by the strong orderbook position rendering revenue visibility and the execution track record underpinning cashflow generation.

Detailed description of key rating drivers:

Key strengths

Established track record of executing Railways civil work orders

MVVS is a family-run business managed by a qualified and experienced team of professional contractors. The firm is promoted by M.V.V. Satyanarayana, Founding Partner, who brings over four decades of experience in the civil contracting industry, particularly in the execution of railway works. His son, Bheema Shankar is currently the Managing Partner and serves as the firm's key decision-maker. He is supported by a team of qualified professionals. The firm has vast experience of over three decades in executing railway civil work contracts.

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

Strong orderbook position providing significant revenue visibility

MVVS has a healthy and geographically diversified orderbook of ₹1,400 crore as of December 2025, which translates to 6x of gross billing for FY25. The firm's clientele comprises zonal divisions of Indian Railways, such as South Western Railway, South Central Railway, East Coast Railway, North East Frontier Railway, Southern Railway and Central Railway, indicating strong counterparty credit quality and minimal collection related risks. The firm has been able to consistently add new orders presently holds L1 status for orders worth ₹~₹376 crore.

CARE Ratings Limited (CareEdge Ratings) takes cognisance of ~25% of work orders pertain to FY22-23 are still to be completed primarily due to pending site clearances. MVVS's management has articulated to CareEdge Ratings that adequate extension of time is available, and delays are not from MVVS.

Comfortable leverage structure with adequate debt coverage indicators

MVVS's exhibits relatively low reliance on long-term borrowings. The entity's leverage structure stood comfortable marked by an overall gearing of 0.43x and total debt to PBILDT of 1.31x as on March 31, 2025. While TOL/TNW was a tad high at 2.4x as on March 31, 2025, considering increase in other current liabilities, particularly security deposit payable and earnest money deposit (EMD) payable from increased subcontracting, comfort is derived from limited reliance on bank debt. A larger leverage on the books pertains to working capital finance only. Debt coverage indicators stood strong marked by PBILDT interest coverage of 6.31x in FY25 (7.38x in FY24) and the next three year's average debt service coverage ratio (DSCR) projected at ~3x.

Consistent improvement in scale of operations

Total operating income (TOI) grew at a compound annual growth rate (CAGR) of 32.07% for five years ended FY25. The firm reported a TOI of ₹217.29 crore in 9MFY26 with revenue growth of ~35% expected in FY26 over FY25.

CareEdge Ratings believes that the growth in scale of operations is likely to continue in the near-to-medium term and the PBILDT margins are likely to reach former levels of over 6%, going forward.

Key weaknesses**Elevated working capital intensity**

The firm's working capital intensity is relatively high. MVVS witnessed GCA days of 194 days in FY25 due to receivables stuck in retention money and security deposits. While regular work bills are generally realised promptly overall debtor levels remain elevated due to 5% retention/security deductions and the long execution tenure of railway orders (typically 18-36 months), with certain orders gaining slower initial traction, considering land clearances, drawing approvals and other site-related constraints. A large part of current assets remains blocked in advances to subcontractors and other statutory receivables, given that the order book is spread across sites.

Significant dependence on sub-contracting

MVVS follows an asset-light business model and has significant reliance on sub-contracting, particularly for equipment and labour. Despite being in the business for over 30 years, the firm's gross block remains significantly low at ₹2.5 crore as on March 31, 2025. A large portion of current liabilities include security deposits and EMD payables to subcontractors. These obligations are typically settled in line with the firm's own bill receipts, supporting the firm's working capital cycle to some extent. However, significant sub-contracting expenses, which account for ~70% of firm's revenue, exerts pressure on MVVS's profitability.

Partnership nature of business constitution

MVVS faces the inherent risk associated with its partnership structure, as partners can withdraw capital at any time. There have been instances of withdrawal of profits in the past, with partners withdrawing ₹1.89 crore in FY23, ₹5.15 crore in FY24, and ₹2.55 crore in FY25. Such withdrawals restrict strengthening of firm's net worth position and may adversely affect its capital structure. MVVS's management has indicated that, firm plans to convert into a private limited company, which is expected to structurally reduce this risk, going forward.

Tender driven and competitive nature of business

MVVS's revenue stream is exclusively derived from tender-based projects, making business prospects heavily reliant on securing these contracts at favourable pricing terms. Intense competition within the industry exerts significant pressure on profit margins. However, promoters' extensive experience in the construction industry, spanning over decades, acts as a mitigating factor against this risk.

Liquidity: Adequate

MVVS's liquidity position is adequate, supported by an average utilisation of fund-based working capital limits at ~69% for 12 months ending October 2025. The firm reported positive cash flow from operations at ₹10.85 crore and net cash accruals of ₹9.93 crore as on March 31, 2025, against its low debt repayment obligation of ₹1.75 crore in FY26. The current ratio stood at 1.52x, while quick ratio remained comfortable at 1.06x as on March 31, 2025.

Applicable criteria

[Definition of Default](#)

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

[Rating Outlook and Rating Watch](#)

[Financial Ratios – Non financial Sector](#)

[Construction Sector](#)

[Short Term Instruments](#)

About the company and industry

Industry classification

Macroeconomic indicator	Sector	Industry	Basic industry
Industrials	Construction	Construction	Civil construction

MVVS was originally established in 1983 as Meher Engineering and reconstituted as a partnership on January 12, 2004, is promoted by M.V.V. Satyanarayana and his family. Based in Hyderabad, the firm operates as a Class I civil contractor with long-standing experience in executing railway infrastructure projects, including bridges, road over bridge/road under bridge (ROB/RUB) works, track doubling packages, station facilities and associated civil works, and a range of allied engineering activities, which positions it as a specialised contractor within the railway infrastructure segment.

Brief Financials (₹ crore)	March 31, 2024 (A)	March 31, 2025 (A)	December 31, 2025 (UA)
Total operating income	217.15	234.25	217.29
PBILDT*	14.44	12.83	13.04
Profit after tax (PAT)	12.69	9.58	NA
Overall gearing (x)	0.58	0.43	NA
Interest coverage (x)	7.38	6.31	NA

A: Audited UA: Unaudited NA: Not available; 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 - LT-Bank Overdraft	-	-	-	-	2.00	CARE BBB-; Stable
Fund-based - LT-Cash Credit	-	-	-	-	14.00	CARE BBB-; Stable
Non-fund-based - LT/ST-Bank Guarantee	-	-	-	-	49.00	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 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-Bank Overdraft	LT	2.00	CARE BBB-; Stable				
2	Fund-based - LT-Cash Credit	LT	14.00	CARE BBB-; Stable				
3	Non-fund-based - LT/ST-Bank Guarantee	LT/ST	49.00	CARE BBB-; Stable / CARE A3				

LT: Long term; ST: Short 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-Bank Overdraft	Simple
2	Fund-based - LT-Cash Credit	Simple
3	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.

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