



Press Release

MVV Builders

February 21, 2025

Ratings

Facility	Amount (Rs. crore)	Current Ratings	Previous Ratings	Rating Action	Complexity Indicator
Long Term Bank Facilities	64.90	IVR BB+/ Stable (IVR Double B Plus with Stable Outlook)	--	Assigned	Simple
Short Term Bank Facilities	15.00	IVR A4+ (IVR A Four Plus)	--	Assigned	Simple
Total	79.90 (Rupees Seventy- nine crore and ninety lakh only)				

Details of Facilities/Instruments are in Annexure 1. Facility wise lender details are at Annexure 2. Detailed explanation of covenants is at Annexure 3.

Detailed Rationale

Infomerics Ratings has assigned long term and short-term ratings to the bank facilities of MVV Builders. The ratings factor in experience of partners, firm's established track record in real estate development, and healthy construction progress of the projects. The rating strengths are, however, constrained by project implementation risk, geographical concentration in Visakhapatnam, Andhra Pradesh, cyclicity in real estate sector, and constitution of the entity. The stable outlook reflects that the firm will continue to benefit from the long-standing experience of promoters in the real estate sector.

Key Rating Sensitivities:

Upward Factors

- Completion of the ongoing project with no cost and/ or time overrun.
- Increase in sale of units leading to improvement in cash flows and liquidity of firm.

Downward Factors

- Delays in completion of project leading to cost and/or time overrun.
- Weaker than anticipated sales performance and lower than expected collections leading to cash flow mismatches.
- Sharp changes in leverage with launch of debt-funded projects and implementation risks.



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List of Key Rating Drivers with Detailed Description

Key Rating Strengths

Experienced partners & established track record in real estate development

MVV Builders has expertise in real estate development sector with an established track record of successful project execution of over two decades, majorly in Visakhapatnam. The firm has completed around 30 projects with over 3 million square feet in last 10 years. The partners, Mr. Mullapudi Veera Venkata Satyanarayana and Mrs. Mullapudi Naga Jyothi have over thirty years of experience in the real estate sector and are supported by a team of professionals.

Healthy construction progress

The ongoing project, MVV Green Field with a project cost Rs.205.50 crore is 100% completed, before the scheduled completion date. The firm has already sold 315 units i.e. 57.27% of total units as on December 31, 2024. They have received advance for 40 flats and full payment for 275 flats. The firm had availed a term loan of Rs.70.00 crore for the early completion of the project with a moratorium period till June 2025. However, the firm has started repayments and plans on closing the loan by FY26 (refers to the period from April 1 to March 31).

Key Rating Weaknesses

Project implementation risk

Currently, the firm has only one ongoing residential and commercial project, MVV The Peak. The total cost of the project is Rs. 242.16 crore and the same is being funded by promoters' contribution and booking advance. At present earth excavation has been completed. The amount incurred till December 31, 2024 is Rs. 48.93 crore which is 20.21% of the total project cost. The scheduled date of completion is June 23, 2029.

Geographical concentration in revenue and exposure to risks related to saleability

MVV is a real estate developer, executing projects majorly in Visakhapatnam, Andhra Pradesh leading to geographical concentration risks. The firm also faces risks related to the execution and saleability of large projects planned over the medium term. The real estate industry's downturn or the cancellation or forfeiture of reservations may have a negative impact on the bookings' execution and marketability.

Inherent cyclical nature of the real estate sector



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The firm is exposed to the cyclical nature associated with the real estate sector which has direct linkage with the general macroeconomic scenario, interest rates and level of disposable income available with individuals. In case of real estate companies, the profitability is highly dependent on property markets. A high-interest rate scenario could discourage the consumers from borrowing to finance the real estate purchases and may depress the real estate market.

Constitution of the entity

MVV Builders, being a partnership firm, is exposed to inherent risk of partners' capital being withdrawn at time of personal contingency and firm being dissolved upon the death/retirement/ insolvency of the partner. Further, partnership entities have restricted access to external borrowing, as credit worthiness of partner would be a key factor affecting credit decision for lenders.

Analytical Approach: Standalone

Applicable Criteria:

[Rating Methodology for Real Estate Companies.](#)

[Financial Ratios & Interpretation \(Non-Financial Sector\).](#)

[Criteria for assigning Rating outlook.](#)

[Policy on Default Recognition](#)

[Complexity Level of Rated Instruments/Facilities](#)

Liquidity – Adequate

MVV is expected to have adequate liquidity to fund the construction of ongoing project through a mix of customer advances and promoter contribution. The firm has received healthy advances from customers for its project MVV Green Field. Healthy advances are expected to result in moderate cash cover to service its debt obligations for the projected period FY24-28. Liquidity will remain susceptible to future bookings and flow of customer advances. As on March 31, 2024, the firm had a cash and bank balance of Rs. 5.18 crore.

About the Firm

MVV Builders started its operations as a proprietorship firm in Visakhapatnam by Mr. Mullapudi Veera Venkata Satyanarayana. In 2001, MVV got converted into partnership firm. The firm is now owned and managed by M V V Satyanarayana and M N Jyothi. MVV Builders



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is involved in construction & sale of residential complexes and flats in and around Visakhapatnam.

Financials (Standalone):

(Rs. crore)

For the year ended/ As on*	31-03-2023	31-03-2024
	Audited	Audited
Total Operating Income	191.65	107.34
EBITDA	21.31	29.77
PAT	8.81	11.77
Total Debt	40.12	101.50
Tangible Net Worth	136.19	119.44
EBITDA Margin (%)	11.12	27.73
PAT Margin (%)	4.60	10.96
Overall Gearing Ratio (x)	0.29	0.85
Interest Coverage (x)	5.59	3.31

* Classification as per Infomerics' standards.

Status of non-cooperation with previous CRA:

CRISIL has moved the ratings to Issuer Not Cooperating category via press release dated January 22, 2025, due to unavailability of information for monitoring the rating.

Any other information: Nil

Rating History for last three years:

Sr. No	Name of Facilities	Current Ratings (Year 2024-25)			Rating History for the past 3 years		
		Type	Amount outstanding (Rs. Crore)	Rating	Date(s) & Rating(s) assigned in 2023-24	Date(s) & Rating(s) assigned in 2022-23	Date(s) & Rating(s) assigned in 2021-22
1.	Term Loan	Long Term	64.90	IVR BB+/ Stable	--	--	--
2.	Overdraft	Short Term	15.00	IVR A4+	--	--	--

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About Infomerics:

Infomerics Valuation and Rating Ltd (Infomerics) [Formerly Infomerics Valuation and Rating Pvt. Ltd] was founded in the year 1986 by a team of highly experienced finance professionals for research and risk evaluation. Infomerics commenced its activities as External Credit Assessment Institution after obtaining registration from Securities Exchange Board of India (SEBI) and accreditation from Reserve Bank of India (RBI).

Adhering to best international practices and maintaining high degree of ethics, the team of analysts at Infomerics deliver quality credit ratings. Infomerics evaluates wide range of debt instruments which helps corporates access to financial markets and provides investors credit ratings backed by in-depth research. The transparent, robust, and credible ratings have gained the confidence of investors and the banks.

Infomerics has a pan India presence with Head Office in Delhi and Corporate Office at Mumbai, with branches in major cities and representatives in several locations.

Infomerics also has international presence with credit rating operations in Nepal through its JV subsidiary.

For more information and definition of ratings please visit www.infomerics.com.

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Annexure 1: Facility Details

Name of Facility	ISIN	Date of Issuance	Coupon Rate/ IRR	Maturity Date	Size of Facility (Rs. Crore)	Rating Assigned/ Outlook
Term Loan	--	--	--	September 2033	9.32	IVR BB+/ Stable
Term Loan	--	--	--	June 2026	55.58	IVR BB+/ Stable
Overdraft	--	--	--	--	15.00	IVR A4+



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Annexure 2: Facility wise lender details:

<https://www.infomerics.com/admin/prfiles/len-MVV-builders-feb25.pdf>

Annexure 3: Detailed explanation of covenants of the rated Security/facilities: Not Applicable

Annexure 4: List of companies considered for consolidated/Combined analysis: Not Applicable

Note on complexity levels of the rated instrument: Infomerics has classified instruments rated by it on the basis of complexity and a note thereon is available at www.infomerics.com.

