

**Press Release**  
**Volta Green Structures Private Limited**  
**September 22, 2023**  
**Rating Reaffirmed**



Product	Quantum (Rs. Cr)	Long Term Rating	Short Term
Bank Loan Ratings	38.00	ACUITE BB-   Stable   Reaffirmed	-
Bank Loan Ratings	23.00	-	ACUITE A4   Reaffirmed
<b>Total Outstanding Quantum (Rs. Cr)</b>	61.00	-	-

**Rating Rationale**

Acuite has reaffirmed its long-term rating of '**ACUITE BB- (read as ACUITE Double B 'minus')**' and short-term rating of '**ACUITE A4 (read as ACUITE A four)**' on the Rs. 61.00 Cr bank facilities of Volta Green Structures Private Limited (VGSP). The outlook is '**Stable**'.

**Rationale for the rating reaffirmation**

The rating takes into account the promoter's extensive experience in the steel fabrication industry and improved operating performance VGSP. In line with Acuite's expectation, the operating income of the company improved to Rs.81.53 Cr in FY2023 as against Rs. 54.97 Cr in FY2022. Improvement in FY23 is primarily driven by stabilization of steel prices during FY2023. However, due to operating losses incurred in FY2022, the financial risk profile deteriorated significantly. The overall gearing rose to 4.78 times as on March 31, 2023 as against 3.42 times as on March 31, 2022. The interest coverage reduced to 1.32 times in FY2023 as against (0.98) times in FY2022. Further, the elongated working capital cycle elongated also impacted the liquidity profile of the company. Going forward, the Company's ability to maintain its scale of operations and profitability while improving its capital structure and restricting the elongation in its working capital cycle will remain a key rating monitorable.

**About the Company**

Volta Green Structures Private Limited (VGSP) is a Hyderabad based company, incorporated in 2015. VGSP is promoted by Mr. MSRV prasad and Mr. Basavaiah Rayipudi. The Company is engaged in manufacturing and erection of PreEngineered Buildings (PEB). The company operates in three key business segments: preengineered building structures, Rapid Building System, High Rise Structures. It has one manufacturing facility located at Hyderabad in Telangana with an installed PEB manufacturing capacity of 12,000 Metric tons per annum.

**Analytical Approach**

Acuite has taken the standalone view of business and financial risk profile of VGSP to arrive at the rating.

**Key Rating Drivers**

**Strengths**

- **Promoter's extensive experience in the steel fabrication industry**

The promoter, Mr. MSRV prasad and Mr. R Basavaiah have spent over three decades in the industry through association with other companies engaged in manufacturing and installation of steel prefabricated structures. The experience has enabled the promoters

to establish strong relationship with key customers and suppliers resulting in repeat orders, steady growth in scale. VG SPL has maintained healthy relationships with established customers - which include Tata Steel Ltd, Larsen & Toubro Ltd, Nuclear power corporation Ltd and Indian Oil Corporation Ltd among others. The current order book is of Rs. ~262.80 Cr as on June 30, 2023 which provides limited revenue visibility over the medium term. Acuité believes that the company will continue to derive benefits from the extensive experience of the promoters.

## Weaknesses

- **Below-average financial risk profile**

The financial risk profile of the company has remained below average with weak capital structure and high gearing and poor debt protection metrics. The net worth of the company stood at Rs.13.48 Cr and Rs.12.63 Cr as on March 31, 2023 and 2022 respectively. The net worth has come down mainly due to loss of (9.91) in FY2022. The gearing of the company stood at 4.78 times as on March 31, 2023 against 3.42 times as on March 31, 2022. Debt protection metrics – Interest coverage ratio and debt service coverage ratio stood at 1.32 times and 1.07 times as on March 31, 2023 respectively as against (0.98) times and (0.59) times as on March 31, 2022 respectively. Tol/ TNW stood at 7.90 times as on March 31, 2023 as against 5.72 times as on March 31, 2022. The debt to EBITDA of the company stood at 8.06 times as on March 31, 2023 as against (8.80) times as on March 31, 2022.

- **Working Capital operations**

company's working capital cycle is moderate reflected by its GCA days at 422 days as on March 31, 2023 as against 437 days as on March 31, 2021. Inventory days stood at 179 days as on March 31, 2023 as against 157 days as on March 31, 2022. Subsequently, the payable period stood at 158 days as on March 31, 2023 as against 152 days as on March 31, 2022 respectively. The debtor day stood at 252 days as on March 31, 2023 as against 251 days as on March 31, 2022. Further, the average bank limit utilization in the last twelve months ended May, 23 remained at ~97 percent for fund based limits and 96 percent for non fund based limits.

## Rating Sensitivities

- Significant improvement in scale of operations, while maintaining profitability margins
- Any large debt-funded capital expenditure, resulting in further deterioration of financial risk profile

## All Covenants

None

## Liquidity Position: Adequate

VG SPL's Liquidity is Adequate with adequate NCAs to its repayment obligations. VG SPL net cash accruals stood at Rs.1.96 Cr during FY2023, while its maturing debt obligations Rs.1.45 Cr during the same period. The cash accruals of the company are estimated to remain around Rs.2- 3.88Cr during FY2023-25 while their repayment obligations are estimated to be around Rs.1.96-2.01 Cr during the same period. The average fund-based working capital utilization stood at 97 percent for the past 12 months ended May, 2023. The Company has maintained unencumbered cash and bank balances Rs.0.01 Cr and the current ratio stood at 1.26 times as on March 31, 2023.

## Outlook: Stable

Acuité believes that VG SPL rating will maintain a 'Stable' outlook over the medium term on account of long track record of operations and experienced management in the industry. The outlook may be revised to 'Positive' if VG SPL registers significant improvement in scale of

operations and profitability margins while maintaining the financial risk profile. Conversely, the outlook may be revised to 'Negative' in case VG SPL registers any significant stretch in its working capital management or larger than-expected debt- funded capital expenditure leading to deterioration of its financial risk profile and liquidity

**Other Factors affecting Rating**

None

## Key Financials

Particulars	Unit	FY 23 (Actual)	FY 22 (Actual)
Operating Income	Rs. Cr.	81.53	54.97
PAT	Rs. Cr.	0.84	(9.91)
PAT Margin	(%)	1.03	(18.03)
Total Debt/Tangible Net Worth	Times	4.78	3.42
PBDIT/Interest	Times	1.32	(0.98)

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

None

### Any other information

None

### Applicable Criteria

- Default Recognition :- <https://www.acuite.in/view-rating-criteria-52.htm>
- Entities In Manufacturing Sector:- <https://www.acuite.in/view-rating-criteria-59.htm>
- Default Recognition: <https://www.acuite.in/view-rating-criteria-52.htm>

### Note on complexity levels of the rated instrument

In order to inform the investors about complexity of instruments, Acuite 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](http://www.acuite.in)

## Rating History

Date	Name of Instruments/Facilities	Term	Amount (Rs. Cr)	Rating/Outlook
20 Jul 2023	Cash Credit	Long Term	18.00	ACUITE BB-   Stable (Downgraded from ACUITE BB+   Stable)
	Proposed Bank Facility	Long Term	2.00	ACUITE BB-   Stable (Downgraded from ACUITE BB+   Stable)
	Bank Guarantee	Short Term	28.00	ACUITE A4 (Downgraded from ACUITE A4+)
	Cash Credit	Long Term	8.00	ACUITE BB-   Stable (Downgraded from ACUITE BB+   Stable)
	Bank Guarantee	Short Term	5.00	ACUITE A4 (Downgraded from ACUITE A4+)
22 Jun 2022	Proposed Bank Facility	Long Term	2.00	ACUITE BB+   Stable (Reaffirmed)
	Cash Credit	Long Term	18.00	ACUITE BB+   Stable (Reaffirmed)
	Cash Credit	Long Term	8.00	ACUITE BB+   Stable (Reaffirmed)
	Bank Guarantee	Short Term	28.00	ACUITE A4+ (Reaffirmed)
	Bank Guarantee	Short Term	5.00	ACUITE A4+ (Reaffirmed)
10 May 2021	Bank Guarantee	Short Term	5.00	ACUITE A4+ (Assigned)
	Cash Credit	Long Term	8.00	ACUITE BB+   Stable (Assigned)
	Cash Credit	Long Term	18.00	ACUITE BB+   Stable (Assigned)
	Proposed Bank Facility	Long Term	2.00	ACUITE BB+   Stable (Assigned)
	Bank Guarantee	Short Term	28.00	ACUITE A4+ (Assigned)

## Annexure - Details of instruments rated

Lender's Name	ISIN	Facilities	Date Of Issuance	Coupon Rate	Maturity Date	Complexity Level	Quantum (Rs. Cr.)	Rating
Kotak Mahindra Bank	Not Applicable	Bank Guarantee (BLR)	Not Applicable	Not Applicable	Not Applicable	Simple	5.00	ACUITE A4   Reaffirmed
Bandhan Bank	Not Applicable	Bank Guarantee (BLR)	Not Applicable	Not Applicable	Not Applicable	Simple	18.00	ACUITE A4   Reaffirmed
Bandhan Bank	Not Applicable	Cash Credit	Not Applicable	Not Applicable	Not Applicable	Simple	18.00	ACUITE BB-   Stable   Reaffirmed
Kotak Mahindra Bank	Not Applicable	Cash Credit	Not Applicable	Not Applicable	Not Applicable	Simple	8.00	ACUITE BB-   Stable   Reaffirmed
Not Applicable	Not Applicable	Proposed Long Term Bank Facility	Not Applicable	Not Applicable	Not Applicable	Simple	12.00	ACUITE BB-   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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